

EXHIBIT A

STATE OF INDIANA)
) SS:
 COUNTY OF DELAWARE)
 IN THE DELAWARE CIRCUIT COURT
 CAUSE NO.

IVY TECH COMMUNITY COLLEGE)
 OF INDIANA,)
)
 Plaintiff,)
)
 v.)
)
 THE TRAVELERS INDEMNITY COMPANY,)
)
 Defendant.)

COMPLAINT

Plaintiff Ivy Tech Community College of Indiana (“Ivy Tech”), by counsel and for its Complaint against Defendant The Travelers Indemnity Company (“Travelers”), states as follows:

Introduction

1. This lawsuit arises from Travelers’ refusal to provide insurance coverage that it both agreed to provide and for which it accepted premium payments.

2. On or about November 24, 2020, an explosion occurred at the Fisher Building on Ivy Tech’s Muncie campus (the “Explosion”). The Explosion caused extensive damage to the Fisher Building, including the basement of the Fisher Building.

3. Prior to the Explosion, Ivy Tech purchased an insurance policy from Travelers (the “Policy”). Ivy Tech purchased the Policy to, among other things, protect Ivy Tech from damage to the Fisher Building in the event of such an incident. The Policy was in effect at the time of the Explosion.

4. Thus, following the Explosion, Ivy Tech sought coverage under the Policy for the loss or damage the Explosion caused to the Fisher Building.

5. Despite the plain terms of the Policy, Travelers has repeatedly refused to provide the bargained-for and paid-for coverage. Specifically, without any legal basis, Travelers has refused to provide any coverage for the “Building damage portion” of Ivy Tech’s claim.

6. Although Ivy Tech has – on multiple occasions – advised Travelers of the legal and factual issues with Travelers’ coverage position, Travelers continues to maintain the “Building damage portion” of Ivy Tech’s claim is “not covered” under the Policy.

7. Left with no other option, Ivy Tech has been forced to file this suit seeking a declaration from the Court stating that the Policy requires Travelers to provide coverage to Ivy Tech for the direct physical loss or damage to the Fisher Building caused by or resulting from the Explosion.

8. Ivy Tech also seeks to recover the damages it has incurred as a result of Travelers’ wrongful denial.

Parties

9. Ivy Tech Community College is a state educational institution under Indiana Code § 21-22. Ivy Tech’s principal place of business is in Indianapolis, Indiana. Ivy Tech currently offers services at over 40 locations, including on a campus located in Muncie, Indiana.

10. Travelers is an insurance company organized and existing under the laws of the State of Connecticut, with its principal place of business located in Hartford, Connecticut.

11. This Court has personal and subject matter jurisdiction over Travelers and this case.

12. Venue is appropriate in this Court.

Factual Background

The Explosion

13. On or about November 24, 2020, an explosion occurred at the Fisher Building on Ivy Tech’s Muncie campus (defined above as the “Explosion”).

14. The Explosion caused extensive damage to the Fisher Building, including the basement of the Fisher Building.

15. Ivy Tech has incurred significant damages and losses as a direct result of the Explosion.

The Policy

16. Prior to the Explosion, Travelers issued Ivy Tech a property insurance policy, Policy No. KTKCMB-1D917688 (defined above as the “Policy”). A true and accurate copy of the Policy is attached hereto, and incorporated herein, as ***Exhibit A***.

17. The Policy is effective from July 10, 2020 to July 10, 2021.

18. Among other things, the Policy provides coverage for direct physical loss or damage to the Fisher Building caused by or resulting from the Explosion.

Travelers’ Coverage Position and Claims-Handling

The Denial

19. After the Explosion, Ivy Tech submitted a claim to Travelers to recover the losses or damages caused by the Explosion (the “Claim”).

20. On January 14, 2021, Travelers denied the Claim, contending that “the Building damage portion” of the Claim “is not covered” under the Policy because “no Building value is listed for the loss location in [Ivy Tech’s] most recent Statement of Values[.]” A true and accurate copy of Travelers’ January 14, 2021 denial letter is attached hereto, and incorporated herein, as ***Exhibit B***.

21. Travelers’ position selectively and unfairly reads the Policy to distort the available coverage.

22. Put simply, Travelers has misrepresented the Policy terms, misrepresented or ignored the relevant facts, and misstated the available coverages.

23. By refusing to provide full coverage for the Claim, Travelers has breached its obligations under the Policy and denied Ivy Tech the bargained-for benefit of the Policy.

The Bad Faith Claims-Handling

24. In repeatedly denying full coverage for the Claim, Travelers has taken a coverage position which is inconsistent with the Policy and the relevant facts.

25. After Ivy Tech received Travelers' denial, Ivy Tech advised Travelers of the legal and factual issues with Travelers' coverage position and presented Travelers with facts showing there *is* coverage under the Policy for the "Building damage portion" of the Claim. A true and accurate copy of Ivy Tech's February 10, 2021 letter to Travelers is attached hereto, and incorporated herein, as *Exhibit C*.

26. Despite being informed of the legal and factual issues with its coverage position, Travelers continues to deny coverage for the "Building damage portion" of the Claim.

27. Travelers has, in effect, misrepresented the terms of the Policy and the relevant facts in an apparent attempt to pressure Ivy Tech to abandon its full Claim.

Request for Declaratory Relief

28. Ivy Tech repeats, realleges, and incorporates all preceding paragraphs as if fully set forth herein.

29. The Policy requires Travelers to provide coverage to Ivy Tech for the direct physical loss or damage to the Fisher Building caused by or resulting from the Explosion.

30. Travelers has repeatedly refused to provide any coverage to Ivy Tech for the direct physical loss or damage to the Fisher Building caused by or resulting from the Explosion.

31. The parties disagree about their respective rights and obligations under the Policy, and a justiciable controversy exists between Ivy Tech and Travelers regarding those rights and obligations.

32. Ivy Tech seeks a declaration from the Court stating that the Policy requires Travelers to provide coverage to Ivy Tech for the direct physical loss or damage to the Fisher Building caused by or resulting from the Explosion.

Breach of Contract

33. Ivy Tech repeats, realleges, and incorporates all preceding paragraphs as if fully set forth herein.

34. The Policy is a valid, binding, and enforceable contract of insurance.

35. The Policy requires Travelers to provide coverage to Ivy Tech for the direct physical loss or damage to the Fisher Building caused by or resulting from the Explosion.

36. Travelers has failed to provide the coverage required under the Policy. In doing so, Travelers has breached the terms of the Policy.

37. All conditions precedent to bringing this action have been performed, have occurred, or have been excused or waived.

38. Ivy Tech has been (and continues to be) damaged as a result of Travelers' breach of the Policy.

Bad Faith

39. Ivy Tech repeats, realleges, and incorporates all preceding paragraphs as if fully set forth herein.

40. Travelers has refused to pay amounts owed under the Policy and misrepresented the coverages available under the Policy in an apparent effort to pressure Ivy Tech to abandon its full Claim.

41. Travelers has failed to fully consider the coverages provided under the Policy and wrongfully continued to deny coverage owed to Ivy Tech without reasonable justification and despite being informed that such coverage is owed.

42. Travelers has acted with dishonest purpose, moral obliquity, furtive design, and ill will, thereby breaching its duties of good faith and fair dealing.

43. As a result, Ivy Tech has been (and continues to be) damaged by Travelers' actions and inactions and is entitled to both compensatory and punitive damages.

WHEREFORE, Ivy Tech, by counsel, prays for: (1) a declaratory action stating that the Policy requires Travelers to provide coverage to Ivy Tech for the direct physical loss or damage to the Fisher Building caused by or resulting from the Explosion; (2) a judgment in favor of Ivy Tech and against Travelers in an amount that will fully compensate Ivy Tech for its damages and losses resulting from Travelers' breach of the Policy; (3) a judgment in favor of Ivy Tech and against Travelers in an amount that will fully compensate Ivy Tech for its damages and losses resulting from Travelers' breach of its duties of good faith and fair dealing, including consequential and incidental damages and prejudgment interest; (4) an award of punitive damages; (5) an award of costs, attorney fees, and litigation expenses in this action, with interest; (6) an award of fees and costs incurred in connection with Ivy's Tech's investigation, analysis, and pursuit of third-parties, as necessitated by Traveler's wrongful denial and breach of the Policy; and (7) all other just and proper relief.

Respectfully submitted,

/s/ Nicholas B. Reuhs

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Attorneys for Plaintiff

Ivy Tech Community College of Indiana

REQUEST FOR JURY TRIAL

Plaintiff Ivy Tech Community College of Indiana respectfully requests that all issues herein properly triable by jury be so tried.

/s/ Nicholas B. Reuhs

Nicholas B. Reuhs
ICE MILLER LLP
One American Square
Suite 2900
Indianapolis, IN 46282-0200

EXHIBIT A

MS 01 00 10 18

THE TRAVELERS INSURANCE COMPANIES

One Tower Square
Hartford, CT 06183

DECLARATIONS

Policy Number: KTK-CMB-1D91768-8-20 **Issue Date:** 07/13/2020

NAMED INSURED AND MAILING ADDRESS:

IVY TECH COMMUNITY COLLEGE OF
INDIANA
50 WEST FALL CREEK PKWY N. DR.
INDIANAPOLIS, IN 46208

POLICY PERIOD: **FROM:** 07/10/2020 **TO:** 07/10/2021

Effective 12:01 a.m. at description and location of property covered.

POLICY TERRITORY: The United States of America and Canada

COVERAGE FORMS AND ENDORSEMENTS FORMING A PART OF THIS POLICY:

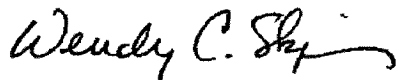
The complete policy consists of this Declarations and the Supplemental Coverage Declarations and the forms listed on MS C0 02 07 99.

PREMIUM: \$ 554,572


INSURING COMPANIES:

In return for payment of the premium, the Company agrees with the Named Insured to provide the insurance afforded by this policy. That insurance will be provided by the Company designated by an "X" below.

☒ The Travelers Indemnity Company (a Stock Company)



Secretary



President

The company listed above has executed this policy, but it is valid only if countersigned by our authorized representative.

PRODUCER NAME AND ADDRESS

A J GALLAGHER RMS
2850 GOLF RD
ROLLING MEADOWS, IL 60008

Countersigned by: _____
(Authorized Representative)

Date: _____

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NAMED INSURED

In addition to the first Named Insured shown in the Declarations, the following are added as Named Insured, as their interest may appear with respect to insurance provided under this policy for the first Named Insured shown in the Declarations:

IVY TECH FOUNDATION

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INDEX OF FORMS

Named Insured	MS C0 01 07 99
Index of Forms	MS C0 02 07 99
Supplemental Coverage Declarations	MS C0 03 10 18
Property Coverage Form	MS C1 00 10 18
Business Income and/or Rental Value Coverage Form Including Extra Expense	MS C1 01 10 18
Earthquake, Volcanic Eruption, Landslide and Mine Subsidence	MS C2 04 10 18
Flood	MS C2 06 10 18
Boiler and Machinery	MS C2 10 10 18
Electronic Vandalism	MS C2 19 10 18
Exclusion Nuclear Hazard War Military Action & Pathogenic	MS C2 37 09 02
Builders Risk	MS C3 01 10 18
Contractors Equipment	MS C3 09 10 18
Expediting Expenses - Boiler and Machinery	MS C3 20 07 99
Utility Services - Direct Damage	MS C3 27 10 18
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Policy Conditions, Additional Provisions and Definitions Form	MS C5 01 10 18
Replacement Cost	MS C5 05 10 18
Errors and Omissions	MS C5 26 10 18
Extra Expense Deductible	MS C5 27 10 18
High Hazard Wind Areas - U.S.A.	MS C6 06 10 15
HH/Mod Haz EQ, Volcanic Eruption, Landslide & Mine Subsidence Areas - U.S.A.	MS C6 09 10 15
Indiana Changes - Cancellation and Nonrenewal	MS C8 72 10 18
Indiana Changes	MS C8 73 10 18
JURISDICTIONAL INSPECTIONS OF EQUIP IN THE USA(INCL ITS TERRITORIES/POSSESSIONS)	PN T1 89 10 15
IMPORTANT NOTICE REGARDING INDEPENDENT AGENT AND BROKER COMPENSATION	PN T4 54 01 08
Terrorism Disclosure	TR IA 01 01 15
Cap on Certified Terrorism	TR IA 04 01 15

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Supplemental Coverage Declarations

READ THE ENTIRE POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND IS NOT COVERED.

- A. POLICY LIMIT:** In no event shall liability under this policy arising out of one occurrence exceed \$1,000,000,000, nor shall liability exceed any specific Limit of Insurance applying to any insured loss, coverage or location(s).
- B. LIMITS OF INSURANCE** – For application of Limits of Insurance, refer to Conditions A.2. and A.3. in the Policy Conditions, Additional Provisions and Definitions Form:
- | | |
|--|------------------------|
| 1. Buildings, in any one occurrence:
Included means, included in the Policy Limit. | Included |
| 2. Business Personal Property excluding Personal Property of Others, in any one occurrence:
Included means, included in the Policy Limit. | Included |
| 3. Personal Property of Others, in any one occurrence: | \$ 1,000,000 |
| 4. "Electronic Data Processing Data and Media", in any one occurrence: | \$ 50,000,000 |
| 5. Accounts Receivable, in any one occurrence: | \$ 1,000,000 |
| 6. Valuable Papers and Records, in any one occurrence: | \$ 1,000,000 |
| 7. "Fine Arts", in any one occurrence: | \$ 1,000,000 |
| 8. Newly Constructed or Acquired Property, at any one building, in any one occurrence:
Number of days 120. | \$ 2,500,000 |
| 9. "Outdoor Property" including Debris Removal, in any one occurrence:
Trees, shrubs and plants are subject to a maximum per item of: | \$ 250,000
\$ 2,500 |
| 10. Personal Effects and "Fine Arts" of Officers and Employees of the Insured:
Per Employee:
In any one occurrence: | \$ 2,500
\$ 250,000 |
| 11. Covered Property at Undescribed Premises, in any one occurrence: | \$ 500,000 |
| 12. Covered Property in Transit, in any one occurrence: | \$ 500,000 |
| 13. Debris Removal, in any one occurrence:
a. 25% of the sum of the amount paid for Covered Property loss and the applicable deductible.
b. Additional Debris Removal Expense: |

\$ 1,000,000 |
| 14. "Pollutant" Cleanup and Removal – Direct Damage, aggregate in any one policy year: | \$ 100,000 |
| 15. Claim Data Expense – Direct Damage, in any one occurrence: | \$ 50,000 |

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- 16. Ordinance or Law**
 Loss to the Undamaged Portion of Buildings, in any one occurrence: \$ 10,000,000
 Demolition Cost, in any one occurrence: Included
 Increased Cost of Construction, in any one occurrence: Included
 Included means, included in the Limit shown for Loss to the Undamaged Portion of Buildings.
- 17. Limited "Fungus", Wet Rot and Dry Rot Coverage – Direct Damage:**
a. In any one occurrence: \$ 15,000
b. Aggregate in any one policy year: \$ 100,000
- 18. Business Income, in any one occurrence:** \$ 55,058,361
 Rental Value, in any one occurrence: \$ 1,000,000
 Extra Expense, in any one occurrence: Included
 Included means, included in the Limit shown for Business Income and Rental Value.
- Ordinary Payroll: Included
- Extended Business Income or Rental Value at 60 days.
 Revised to 90 days.
- Civil Authority 30 days.
- Ingress or Egress, in any one occurrence: \$ 100,000
 Number of miles 1.
 Number of days 30.
- "Dependent Property", in any one occurrence: \$ 1,000,000
- Newly Acquired Premises – Time Element, in any one occurrence: \$ 1,000,000
 Number of days 120.
- "Pollutant" Clean Up and Removal – Time Element, aggregate in any one policy year: \$ 25,000
- Limited "Fungus", Wet Rot and Dry Rot Coverage – Time Element 30 days.
- 19. Earthquake, Volcanic Eruption, Landslide and Mine Subsidence – aggregate in any one policy year, for all losses covered under this policy, commencing with the inception date of this policy:**
- a.** Occurring in Alaska, Hawaii or Puerto Rico: Not Covered
- b.** Occurring in California: Not Covered
- c.** Occurring in High Hazard Earthquake, Volcanic Eruption, Landslide and Mine Subsidence Areas as per MS C6 09: Not Covered

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- | | | |
|----|--|---------------|
| d. | Occurring in Moderate Hazard Earthquake, Volcanic Eruption, Landslide and Mine Subsidence Areas as per MS C6 09: | \$ 25,000,000 |
| e. | Occurring anywhere else in the Policy Territory: | \$ 50,000,000 |

If more than one Annual Aggregate Limit applies in any one occurrence, the most the Company will pay is the highest involved Annual Aggregate Limit. The most the Company will pay during each annual period is the largest of the Annual Aggregate Limits shown.

20. Flood – aggregate in any one policy year, for all losses covered under this policy, commencing with the inception date of this policy:

- | | | |
|----|---|---------------|
| a. | Occurring in the Policy Territory resulting from Flood to buildings, structures or property in the open within Flood Zone A or Zones prefixed A as classified under the National Flood Insurance Program or to property in or on buildings or structures located within such Flood Zones: | \$ 5,000,000 |
| b. | Occurring in the Policy Territory resulting from Flood to buildings, structures or property in the open within Flood Zone V or Zones prefixed V as classified under the National Flood Insurance Program or to property in or on buildings or structures located within such Flood Zones: | Not Covered |
| c. | Occurring anywhere else in the Policy Territory: | \$ 50,000,000 |

Any loss resulting from Flood to a building, structure or property in the open which is, at the time of loss, within more than one Flood Zone will be subject to the insurance and Annual Aggregate Limit, if any, that would apply under this policy if that building, structure or property in the open was wholly located within the most hazardous of the Flood Zones, as identified in MS C2 06, in which it is located. The Flood Zone that applies to a building or structure will also apply to any property in or on such building or structure.

If, at the time of loss resulting from Flood, the community in which property is located has been suspended from the National Flood Insurance Program, the Flood Zone(s) that applied prior to the suspension will be used in determining the Flood Zone(s) that apply to the property.

If more than one Annual Aggregate Limit applies in any one occurrence, the most the Company will pay is the highest involved Annual Aggregate Limit. The most the Company will pay during each annual period is the largest of the Annual Aggregate Limits shown.

- | | | |
|------------|---|----------|
| 21. | Boiler and Machinery (Insured's Premises only): | |
| | Property Damage, in any one Accident: | Included |
| | Business Income, Rental Value and Extra Expense, in any one Accident: | Included |

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Hazardous Substance, in any one Accident:		
Ammonia Contamination:	\$	100,000
Any other substance:	\$	100,000
Water Damage, in any one Accident:	\$	100,000
Consequential Damage, in any one Accident:	\$	100,000
Included means, included in the Limit of Insurance that otherwise applies under this policy to the coverage for which included is indicated.		
Boiler and Machinery (Insured's Premises only) all coverages combined, maximum in any one Accident:	\$	100,000,000
22. Limited Electronic Vandalism Cause of Loss Coverage, aggregate in any one policy year:	\$	25,000
23. Builder's Risk, in any one occurrence:		
Maximum at any one Construction Site:	\$	5,000,000
Maximum at all Construction Sites:	\$	5,000,000
Builder's Risk, Property At Temporary Storage Location:	\$	500,000
Builder's Risk, Property in transit:	\$	500,000
24. Contractors Equipment - specific amounts of insurance, per item, as per schedule on file with the Company, not to exceed in any one occurrence:	\$	248,451
Newly Acquired Contractors Equipment, in any one occurrence:	\$	25,000
Equipment Rental Expense, in any one occurrence:	\$	25,000
25. Expediting Expenses, Boiler & Machinery only, in any one occurrence:	\$	100,000
26. Errors and Omissions, in any one occurrence:	\$	1,000,000
27. Utility Services – in any one occurrence:		
Utility Services, combined Direct Damage and Time Element, including Boiler and Machinery:	\$	5,000,000
C. DEDUCTIBLES: For application of Deductibles, refer to the Application of Deductibles conditions in the Policy Conditions, Additional Provisions and Definitions Form.		
1. By Earthquake, Volcanic Eruption, Landslide and Mine Subsidence:		
a. Occurring in Moderate Hazard Earthquake, Volcanic Eruption, Landslide and Mine Subsidence Areas as per MS C6 09, in any one occurrence:	2 %	\$ 100,000
Percentage applies per Unit		

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- b. Occurring anywhere else in the Policy Territory where Earthquake, Volcanic Eruption, Landslide and Mine Subsidence coverage applies, in any one occurrence:

\$ 100,000

As respects Business Income, any applicable percent deductible shown above applies.

As respects Business Income, if no percent deductible applies, the deductible for Business Income is included in the occurrence deductible.

As respects Rental Value, any applicable percent deductible shown above applies.

As respects Rental Value, if no percent deductible applies, the deductible for Rental Value is included in the occurrence deductible.

As respects Extra Expense, the deductible is included in the occurrence deductible.

2. By Flood:

- a. Occurring within Flood Zone A or Zones prefixed A, as classified under the National Flood Insurance Program, the deductible, in any one occurrence for each building or structure and its contents separately, will be the amount recoverable under the National Flood Insurance Program when the maximum amount of insurance permitted by the National Flood Insurance Program applies, whether or not the coverage is purchased or maintained. In the event the community in which the premises are located has been suspended from the National Flood Insurance Program, each such deductible shall instead be the amount that would have been recoverable under the National Flood Insurance Program if the community had not been suspended and the maximum amount of insurance that would have been permitted by the National Flood Insurance Program applied. In addition, the following deductible will apply to property not eligible and coverages not available under the National Flood Insurance Program that are covered under this policy, and any difference in the valuation between the policies, in any one occurrence:

\$ 250,000

- b. Occurring anywhere else in the Policy Territory where Flood coverage applies, in any one occurrence:

\$ 100,000

As respects Business Income, the deductible is included in the occurrence deductible.

As respects Rental Value, the deductible is included in the occurrence deductible.

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As respects Extra Expense, the deductible is included in the occurrence deductible.

Any loss resulting from Flood to a building, structure or property in the open which is, at the time of loss, within more than one Flood Zone will be subject to the Flood deductible, if any, that would apply under this policy if that building, structure or property in the open was wholly located within the most hazardous of the Flood Zones, as identified in MS C2 06, in which it is located. The Flood Zone that applies to a building or structure will also apply to any property in or on such building or structure.

If, at the time of loss resulting from Flood, the community in which property is located has been suspended from the National Flood Insurance Program, the Flood Zone(s) that applied prior to the suspension will be used in determining the Flood Zone(s) that apply to the property.

3. By "Windstorm" or Hail:

- | | | | |
|----|--|--------|---------|
| a. | Occurring in High Hazard Wind Areas, as per MS C6 06, in any one occurrence:
Percentage applies per Unit | 5 % \$ | 250,000 |
| b. | Occurring anywhere else in the Policy Territory where "Windstorm" or Hail coverage applies, in any one occurrence: | \$ | 250,000 |

As respects Business Income, any applicable percent deductible shown above applies.

As respects Business Income, if no percent deductible applies, the deductible for Business Income is included in the occurrence deductible.

As respects Rental Value, any applicable percent deductible shown above applies.

As respects Rental Value, if no percent deductible applies, the deductible for Rental Value is included in the occurrence deductible.

As respects Extra Expense, the deductible is included in the occurrence deductible.

- | | | | |
|----|--|-------|--------|
| 4. | By Boiler and Machinery, in any one Accident:
Applicable to Direct Damage, Business Income, Rental Value and Extra Expense. | \$ | 50,000 |
| 5. | To Contractors Equipment, in any one occurrence: | \$ | 25,000 |
| 6. | To Utility Services - Direct Damage, including Boiler and Machinery, in any one occurrence: | \$ | 50,000 |
| 7. | To Utility Services - Time Element, including Boiler and Machinery, in any one occurrence: | Hours | 24 |
| 8. | To any other covered loss, in any one occurrence: | \$ | 50,000 |

Except to printers and copiers:

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\$ 10,000

- D. **VALUATION PROVISION:** Replacement Cost applies as per MS C5 05, except as otherwise stated within endorsement MS C5 05, within this Supplemental Coverage Declarations or elsewhere in this policy.
- E. **SOLE AGENT PROVISION:** For any insurance afforded by this policy, IVY TECH COMMUNITY COLLEGE OF INDIANA shall act on behalf of all insureds with respect to the giving and receiving of notice of cancellation or nonrenewal, the payment of premiums, the receiving of return premiums, and the acceptance of any endorsement issued to form a part of this policy.
- F. **PREMIUM ADJUSTMENT:** This policy will be adjusted as needed for any changes in values and premiums.
- G. **ISSUING COMPANY:** Travelers Indemnity Company (a Stock Company)

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PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Words and phrases that appear in quotation marks have special meaning. Refer to Section D., Definitions, in the Policy Conditions, Additional Provisions and Definitions Form.

A. COVERAGE

The Company will pay for direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss. Covered Causes of Loss means risks of direct physical loss unless the loss is excluded in Section D., Exclusions, limited in Section E., Limitations, or otherwise extended, excluded or limited in this Coverage Form, the Supplemental Coverage Declarations or by endorsement. The Company will also pay for Covered Costs and Expenses as described in Section B.2.

B. COVERED PROPERTY AND COVERED COSTS AND EXPENSES

Covered Property means the types of property, as described in this Section B.1. and limited in Section C., Property and Costs Not Covered, for which a Limit of Insurance is shown in the Supplemental Coverage Declarations.

1. COVERED PROPERTY

- a. **Buildings**, meaning the buildings or other structures at the Insured's premises for which a Building value is shown in the most recent Statement of Values or other documentation on file with the Company, including:
 - (1) Completed additions;
 - (2) Fixtures, including outdoor fixtures;
 - (3) Machinery and equipment permanently attached to the building;
 - (4) Personal property owned by the Insured that is used to maintain or service the buildings, structures or grounds; and
 - (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the buildings or structures; and
 - (b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the Insured's premises, used for making alterations or repairs to the buildings or structures.

Buildings do not include "Outdoor Property" except as provided in Section B.1.h.

- b. **Business Personal Property** located in or on the buildings or structures at the Insured's premises for which a Business Personal Property value is shown in the most recent Statement of Values or other documentation on file with the Company, or in the open (or in a vehicle) within 1,000 feet of such premises, consisting of the following unless otherwise specified in the Supplemental Coverage Declarations:
 - (1) Furniture and fixtures;
 - (2) Machinery and equipment, including "electronic data processing equipment";
 - (3) "Stock";
 - (4) All other personal property owned by the Insured and used in the Insured's business;
 - (5) Labor, materials or services furnished or arranged by the Insured on personal property of others;

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- (6) The Insured's use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the buildings or structures occupied or leased, but not owned, by the Insured; and
 - (b) Acquired or made at the Insured's expense but which the Insured is not permitted to remove; and
- (7) Personal Property of Others (including the Insured's employees) used in the Insured's business that is in the care, custody, or control of the Insured or for which the Insured has agreed in writing to insure prior to any loss or damage.

However, payment by the Company for loss or damage to Personal Property of Others will only be for the account of the owner of the property.

Business Personal Property does not include:

- (1) "Electronic Data Processing Data and Media" except as provided in Section B.1.c.;
- (2) Accounts Receivable except as provided in Section B.1.d.;
- (3) Valuable Papers and Records except as provided in Section B.1.e.; or
- (4) "Fine Arts" except as provided in Section B.1.f.

c. "Electronic Data Processing Data and Media"

at or within 1,000 feet of the Insured's premises for which a Building, Business Personal Property or "Electronic Data Processing Data and Media" value is shown in the most recent Statement of Values or other documentation on file with the Company.

d. Accounts Receivable

meaning accounts receivable records of the Insured while at or within 1,000 feet of the Insured's premises for which a Building or Business Personal Property value is shown in the most recent Statement of Values or other documentation on file with the Company, including records stored on electronic data processing media. Credit card company charge records will be considered accounts receivable records until delivered to the credit card company.

- (1) The Company will pay:
 - (a) Amounts due the Insured from customers that the Insured is unable to collect because of loss or damage to the Insured's accounts receivable records;
 - (b) Interest charges on any loan required to offset amounts the Insured is unable to collect because of loss or damage to the Insured's accounts receivable records, pending the Company's payment of these amounts;
 - (c) Collection expenses in excess of the Insured's normal collection expenses that are made necessary by the loss; and
 - (d) Other reasonable expenses that the Insured incurs to re-establish the Insured's records of accounts receivable.
- (2) The Company will not pay for loss or damage that requires an audit of records or any inventory computation to prove its factual existence.
- (3) In the event the Insured cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:
 - (a) The Company will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs;
 - (b) The Company will adjust the total for any normal fluctuations in the amounts of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month; and

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- (c) The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (i) The amount of the accounts for which there is no loss;
 - (ii) The amount of the accounts that the Insured is able to re-establish or collect;
 - (iii) An amount to allow for probable bad debts that the Insured is normally unable to collect; and
 - (iv) All unearned interest and service charges.

e. Valuable Papers and Records

at or within 1,000 feet of the Insured's premises for which a Building or Business Personal Property value is shown in the most recent Statement of Values or other documentation on file with the Company. This coverage does not apply to papers and records that exist on electronic data processing media, records of accounts receivable, or money or securities.

f. "Fine Arts"

at or within 1,000 feet of the Insured's premises for which a Building, Business Personal Property or "Fine Arts" value is shown in the most recent Statement of Values or other documentation on file with the Company.

g. Newly Constructed or Acquired Property meaning:

- (1) New buildings while being built on the Insured's premises for which a Building or Business Personal Property value is shown in the most recent Statement of Values or other documentation on file with the Company, or on a newly acquired location, including materials, equipment, supplies and temporary structures which are at or within 1,000 feet of the premises;
- (2) Buildings newly acquired by the Insured at locations other than the Insured's premises for which a Building or Business Personal Property value is shown in the most recent Statement of Values or other documentation on file with the Company;
- (3) Buildings the Insured becomes newly required to insure under a written contract; and
- (4) Personal property of a type insured under this policy at or within 1,000 feet of a newly acquired building or a newly acquired location.

Insurance under this coverage for each newly constructed or acquired property will end when any of the following first occurs:

- (1) This policy is cancelled or expires;
- (2) 120 days (or the revised number of days shown for this coverage in the Supplemental Coverage Declarations) expire after the Insured acquires or begins to construct the buildings;
- (3) The Insured reports the new values to the Company; or
- (4) The property is more specifically insured elsewhere.

If the Company elects to add the property as Covered Property under this policy, the Company will charge the Insured additional premium for values reported from the date construction begins or the Insured acquires the property.

h. "Outdoor Property"

at the Insured's premises for which a Building or Business Personal Property value is shown in the most recent Statement of Values or other documentation on file with the Company, but only for loss or damage caused by or resulting from the following Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;

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- (4) Riot or civil commotion;
- (5) Vandalism; or
- (6) Aircraft or vehicles.

This insurance also applies to the necessary and reasonable expense incurred by the Insured to remove debris of "outdoor property" at the Insured's premises caused by or resulting from a Covered Cause of Loss listed above that occurs during the policy period. Such expenses will be paid only if reported to the Company in writing within 180 days of the date of direct physical loss or damage. This will not increase the Limit of Insurance that applies to "Outdoor Property".

i. Personal Effects and "Fine Arts" of Officers and Employees of the Insured

meaning personal effects and "fine arts" owned by officers, partners or employees of the Insured. Such property must be located at or within 1,000 feet of the Insured's premises for which a Building or Business Personal Property value is shown in the most recent Statement of Values or other documentation on file with the Company. Payment for loss or damage to personal effects and "fine arts" will only be for the account of the owner of the property.

j. Covered Property at Undescribed Premises meaning:

- (1) Covered Property at an "exhibition" site, including while in transit to and from the "exhibition" site. Coverage for this property applies worldwide.
- (2) Covered Property that will or has become a permanent part of an installation project being performed for others by the Insured, or on the Insured's behalf, while such property is at the installation premises or at other premises where the property is temporarily stored. Coverage for this installation property applies only at premises within the Policy Territory that are not owned, leased or regularly operated by the Insured and are not otherwise insured under this policy, and will apply only until the Insured's interest in the property ceases, the installation is accepted, the installation is abandoned, or this policy is cancelled or expires, whichever occurs first.
- (3) Covered Property at any other premises within the Policy Territory that are not owned, leased or regularly operated by the Insured and are not otherwise insured under this policy.

This coverage does not apply to personal effects of officers, partners or employees of the Insured.

k. Covered Property in Transit

meaning Covered Property in due course of transit at the risk of the Insured:

- (1) Over the road, on inland waters, on "territorial waters" or in air space of countries or jurisdictions within the Policy Territory; and
- (2) Over the road, on inland waters, on "territorial waters" or in air space of countries or jurisdictions that are not within the Policy Territory, while in the due course of transit at the risk of the Insured between points within the Policy Territory.

This coverage applies to shipments from the time the Covered Property leaves the initial point of shipment and continues until the property is delivered at its destination. In the event the Covered Property is not deliverable or is rejected by the consignee, such property will be covered while in due course of transit back to the Insured and while temporarily being held by the receiver or carrier awaiting its return to the Insured.

The Company will also pay for:

- (1) Any general average or salvage charges incurred by the Insured as respects losses to waterborne shipments.

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- (2) The Insured's contingent interest in shipments sold on a F.O.B. (Free On Board) basis but only in the event that any loss recoverable hereunder is not collectible from the consignee or any other insurance.
- (3) Loss of Covered Property occasioned by the unintentional acceptance of fraudulent bills of lading, shipping receipts or messenger receipts by the Insured or any agent, customer or consignee of the Insured.

This coverage does not apply to personal effects or "fine arts" of officers, partners or employees of the Insured, or to Covered Property in due course of transit to or from an "exhibition" site or to Covered Property in the custody of any officer, partner or employee of the Insured while temporarily traveling outside of the Policy Territory.

I. Covered Property Temporarily Outside of the Policy Territory

meaning Covered Property while in the custody of any officer, partner or employee of the Insured while temporarily traveling outside of the Policy Territory. But this coverage does not apply to Covered Property at, or in due course of transit to or from, an "exhibition".

Coverages j. Covered Property at Undescribed Premises, k. Covered Property in Transit and l. Covered Property Temporarily Outside of the Policy Territory are each subject to the applicable Limit of Insurance specified in the Supplemental Coverage Declarations for the coverage, but in no event will the Company pay more for loss or damage to any type of Covered Property than the amount that would have been paid for that type of Covered Property if the loss or damage had occurred at or within 1,000 feet of the Insured's premises.

2. COVERED COSTS AND EXPENSES

Covered Costs and Expenses are the costs and expenses:

- Described in Sections B.2.b. through B.2.f. below for which a Limit of Insurance is shown in the Supplemental Coverage Declarations; and
- Described in Sections B.2.a. and B.2.g. through B.2.k. below (which may have, but do not require, a Limit of Insurance to be shown in the Supplemental Coverage Declarations to apply);

but do not include any costs or expenses as limited in Section C., Property and Costs Not Covered.

a. Debris Removal

- (1) The Company will pay the necessary and reasonable expense incurred by the Insured to remove debris of Covered Property at the Insured's premises, other than "outdoor property", caused by or resulting from a Covered Cause of Loss that occurs during the policy period. Such expenses will be paid only if reported to the Company in writing within 180 days of the date of direct physical loss or damage. Coverage for the expense to remove debris of "outdoor property" is provided separately under Section B.1.h. of this Coverage Form.
- (2) For this coverage, the Company will pay up to 25% of:
 - (a) The amount the Company pays for the direct physical loss or damage to the Covered Property; plus
 - (b) The deductible in this policy applicable to that direct physical loss or damage.

This limit is part of and not in addition to the Limit of Insurance that applies to the lost or damaged Covered Property. But if:

- (a) (i) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
- (ii) The debris removal expense exceeds the above 25% limitation;
- and
- (b) A Limit of Insurance is specified in the Supplemental Coverage Declarations for Additional Debris Removal Expense;

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the Company will also pay an additional amount, up to the Limit of Insurance specified in the Supplemental Coverage Declarations for Additional Debris Removal Expense.

- (3) In no event will this coverage apply to:
- (a) Costs to extract "pollutants" from land or water; or
 - (b) Costs to remove, restore or replace polluted land or water.

b. "Pollutant" Cleanup and Removal – Direct Damage

The Company will pay the necessary and reasonable expense incurred by the Insured to extract "pollutants" from land or water outside of buildings at the Insured's premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a "specified cause of loss" that occurs during the policy period.

Such expenses will be paid only if reported to the Company in writing within 180 days of the date on which the "specified cause of loss" occurs.

This coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But the Company will pay for testing that is performed in the course of extracting the "pollutants" from the land or water.

The most the Company will pay under this coverage for the sum of all covered expenses arising out of all "specified cause of loss" occurrences that occur during each separate 12 month period of this policy (commencing with the inception date of this policy) is the Limit of Insurance specified in the Supplemental Coverage Declarations for "Pollutant" Cleanup and Removal – Direct Damage.

c. Decontamination Expense – Direct Damage

- (1) The Company will pay the necessary and reasonable additional expense incurred by the Insured to repair, replace or dispose of polluted Covered Property at the Insured's premises caused solely by the enforcement of, or compliance with, any ordinance or law, in effect at the time of loss, that:
- (a) Requires the Insured to remove "pollutants" from, or detoxify or neutralize "pollutants" in; or
 - (b) Regulates removal or disposal of;
- that part of such Covered Property that is polluted as a result of a discharge, dispersal, seepage, migration, release or escape of "pollutants" caused by or resulting from a "specified cause of loss" to Covered Property that occurs during the policy period.
- (2) This coverage applies only to loss incurred in complying with the minimum standards of the ordinance or law. This coverage does not apply to:
- (a) Loss due to any ordinance or law that:
 - (i) The Insured was required to comply with before the loss, even if the property was undamaged; and
 - (ii) The Insured failed to comply with.
 - (b) Loss caused by or resulting from the enforcement of any ordinance or law that requires any Insured or others to test for, monitor, or assess the existence, concentration or effects of "pollutants". But this does not apply to testing that is performed in the course of removing "pollutants" from, or detoxifying or neutralizing "pollutants" in, that part of the Covered Property that is polluted as described in (1) above, if the ordinance or law, as enforced, requires such testing.

d. Claim Data Expense – Direct Damage

The Company will pay the reasonable expenses incurred by the Insured in preparing claim data required by the Company to adjust a covered loss. This includes the cost of taking inventories, making appraisals and preparing other documentation to show the extent of loss. The Company will not pay for:

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- (1) Any expenses incurred, directed, or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;
- (2) Any expenses incurred, directed or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without the Company's written consent prior to such expenses being incurred; or
- (3) Any costs as provided in the Appraisal Loss Condition in Section B.2. of the Policy Conditions, Additional Provisions and Definitions Form.

e. Ordinance or Law

- (1) If loss or damage by a Covered Cause of Loss to buildings that are Covered Property results in a requirement to comply with an ordinance or law that:
 - Is in force at the time of the loss or damage; and
 - Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the Insured's premises;

the Company will pay for:

- (a) **Loss to the Undamaged Portion of Buildings**, meaning loss to the undamaged portion of the covered buildings caused by a requirement to comply with an ordinance or law that requires the demolition of undamaged parts of the same building.

If replacement cost valuation applies and the property is repaired or replaced on the same or another premises, the most the Company will pay under this Loss to the Undamaged Portion of Buildings coverage is the lesser of:

- (i) The cost to repair, rebuild or reconstruct the undamaged portion of the buildings that was necessarily demolished to comply with the ordinance or law, but not for more than the amount it would cost to restore that undamaged portion of the buildings on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
- (ii) The Limit of Insurance specified in the Supplemental Coverage Declarations for Ordinance or Law – Loss to the Undamaged Portion of Buildings.

If replacement cost valuation applies and the property is not repaired or replaced, or if replacement cost valuation does not apply, the most the Company will pay under this Loss to the Undamaged Portion of Buildings coverage is the lesser of:

- (i) The actual cash value at the time of loss of the undamaged portion of the buildings that was necessarily demolished to comply with the ordinance or law; or
- (ii) The Limit of Insurance specified in the Supplemental Coverage Declarations for Ordinance or Law – Loss to the Undamaged Portion of Buildings.

- (b) **Demolition Cost**, meaning the cost incurred by the Insured to demolish and clear the sites of undamaged parts of the covered buildings caused by a requirement to comply with an ordinance or law that requires demolition of such undamaged property.

The Company will not pay more for Demolition Cost than the lesser of:

- (i) The amount the Insured actually spends to demolish and clear the sites; or
- (ii) The Limit of Insurance specified in the Supplemental Coverage Declarations for Ordinance or Law – Demolition Cost.

- (c) **Increased Cost of Construction** meaning the increased cost incurred by the Insured to:

- (i) Repair or reconstruct damaged portions of the damaged covered buildings; or
- (ii) Reconstruct or remodel undamaged portions of the damaged covered buildings, whether or not demolition is required;

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when the increased cost is caused by a requirement to comply with the minimum standards of an ordinance or law. This Increased Cost of Construction coverage applies only if the covered buildings are repaired, reconstructed or remodeled, and then only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

The Company will not pay under this Increased Cost of Construction coverage until the property is actually repaired or replaced, at the same location or elsewhere, and then only if the repairs or replacement are made as soon as reasonably possible after the loss or damage but not to exceed 2 years. The Company may extend this period in writing during the 2 years.

If the buildings are repaired or replaced at the same premises, or if the Insured elects to rebuild at another premises, the most the Company will pay under this Increased Cost of Construction coverage is the lesser of:

- (i) The increased cost of construction at the same premises; or
- (ii) The Limit of Insurance specified for Ordinance or Law – Increased Cost of Construction shown in the Supplemental Coverage Declarations.

If the ordinance or law requires relocation to another premises, the most the Company will pay under this Increased Cost of Construction coverage is the lesser of:

- (i) The increased cost of construction incurred at the new premises; or
- (ii) The Limit of Insurance specified in the Supplemental Coverage Declarations for Ordinance or Law – Increased Cost of Construction.

- (2) These Ordinance or Law coverages apply only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.

- (3) These Ordinance or Law coverages do not apply to:

- (a) "Vacant" properties;
- (b) Any loss due to the Insured's failure to comply with any ordinance or law that the Insured was required to comply with before the loss, even if the Covered Property was undamaged;
- (c) Costs associated with the enforcement of or compliance with any ordinance or law which requires the Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet rot or dry rot; or
- (d) Enforcement of or compliance with any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or proliferation, spread or any activity of "fungus", wet rot or dry rot.

f. Limited "Fungus", Wet Rot and Dry Rot Coverage - Direct Damage

- (1) The coverage described in (2) below only applies when the "fungus", wet rot or dry rot is the result of a "specified cause of loss", other than fire or lightning, that occurs during the policy period, and only if all reasonable means have been used to save and preserve the property from further damage at the time of and after the occurrence of the "specified cause of loss".
- (2) The Company will pay for direct physical loss of or damage to Covered Property caused by "fungus", wet rot or dry rot, including:
 - (a) The cost of removal of the "fungus", wet rot or dry rot;
 - (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet rot or dry rot; and

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(c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet rot or dry rot is present.

- (3) The most the Company will pay under this coverage for the total of all "fungus", wet rot and dry rot loss or damage arising out of all "specified causes of loss" (other than fire or lightning) occurring during each separate 12 month period of this policy (commencing with the inception date of this policy) is the aggregate Limit of Insurance specified in the Supplemental Coverage Declarations for Limited "Fungus", Wet Rot and Dry Rot Coverage – Direct Damage in any one policy year.

When a Limit of Insurance is also specified in the Supplemental Coverage Declarations for Limited "Fungus", Wet Rot and Dry Rot Coverage – Direct Damage in any one occurrence, that Limit of Insurance is the most the Company will pay under this coverage for all "fungus", wet rot and dry rot loss or damage arising out of any one occurrence of "specified causes of loss" (other than fire or lightning). That Limit of Insurance is included in, and will not increase, the aggregate Limit of Insurance specified in the Supplemental Coverage Declarations for Limited "Fungus", Wet Rot and Dry Rot Coverage – Direct Damage in any one policy year.

With respect to a particular occurrence of loss which results in "fungus", wet rot or dry rot, the Company will not pay more than the applicable Limits of Insurance described above, even if the "fungus", wet rot or dry rot continues to be present or active, or recurs, in this or a later policy period.

- (4) If there is covered loss or damage to Covered Property that is not caused by "fungus", wet rot or dry rot, loss payment will not be limited by the terms of this coverage, except to the extent that "fungus", wet rot or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this coverage.
- (5) The terms of this coverage do not increase or reduce the coverage provided under the Water, Other Liquids, Powder or Molten Material Damage coverage in Section B.2.k. of this Coverage Form or the coverage provided for collapse of buildings or structures under the Collapse exclusion in Section D.2.h. of this Coverage Form.

g. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, the Company will pay for any fire department service charges incurred by the Insured that are:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

h. Fire Protective Equipment Discharge

If fire protective equipment at the Insured's premises discharges accidentally or to control a Covered Cause of Loss, the Company will pay the Insured's cost to:

- (1) Refill or recharge the system with the extinguishing agents that were discharged; and
- (2) Replace or repair faulty valves or controls that caused the discharge.

i. Preservation of Property

If it becomes necessary to temporarily move Covered Property from the insured premises to preserve it from the threat of imminent loss or damage by a Covered Cause of Loss, the Company will pay for any direct physical loss or damage to Covered Property while it is being moved from the insured premises, while temporarily stored at another location or while it is being moved back to the insured premises.

This coverage will apply only if the loss or damage occurs within 180 days after the property is first moved and will cease when the policy is amended to provide insurance at the new

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location, the property is returned to the existing location, or this policy is cancelled or expires, whichever occurs first.

j. Protection of Property

- (1) If it becomes necessary to temporarily move Covered Property from the insured premises to preserve it from the threat of imminent loss or damage by a Covered Cause of Loss, the Company will pay for the necessary and reasonable expenses actually incurred by the Insured to remove the Covered Property from the insured premises, to temporarily store the removed Covered Property at a location away from the insured premises and to move the Covered Property back to the insured premises within a reasonable time after the threat of imminent loss or damage to the property by the Covered Cause of Loss passes.
- (2) The Company will also pay for other necessary and reasonable expenses actually incurred by the Insured to temporarily safeguard Covered Property against the threat of imminent direct physical loss or damage by a "specified cause of loss".
- (3) The most the Company will pay under this coverage for the sum of all expenses incurred due to the threat of loss or damage from any one occurrence is \$250,000, subject to the following:
 - (a) When Earth Movement, Earthquake, Earthquake Sprinkler Leakage, Volcanic Eruption, Landslide or Mine Subsidence is a "specified cause of loss" under this policy, the Company's payment for the sum of all expenses incurred due to the threat of loss or damage from all threatened occurrences of all such "specified causes of loss" in any one policy year will not exceed \$250,000. This Limit of Insurance is not subject to, and does not reduce, the Limits of Insurance that otherwise apply to such "specified causes of loss".
 - (b) When Flood is a "specified cause of loss" under this policy, the Company's payment for the sum of all expenses incurred due to the threat of loss or damage from all threatened occurrences of such "specified cause of loss" in any one policy year will not exceed \$250,000. This Limit of Insurance is not subject to, and does not reduce, the Limit of Insurance that otherwise applies to such "specified cause of loss".
 - (c) If the threat of imminent direct physical loss or damage to Covered Property from the same occurrence spans over multiple policy years, only the Limit of Insurance that applies in the policy year in which the expenses are first incurred by the Insured will apply to the expenses incurred due to the threat of loss or damage from that occurrence.
- (4) This Protection of Property coverage is subject to the deductible that applies to loss or damage to the Covered Property by the Covered Cause of Loss against which the property is being safeguarded.

k. Water, Other Liquids, Powder or Molten Material Damage

If covered loss or damage caused by or resulting from water or other liquid, powder or molten material damage occurs, the Company will also pay the necessary cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

This coverage is subject to the Limit of Insurance that applies to the covered water or other liquid, powder or molten material damage loss.

C. PROPERTY AND COSTS NOT COVERED

Covered Property and Covered Costs and Expenses do not include:

1. Currency, deeds or other evidences of debt, money, notes, checks, drafts, or securities;
2. Contraband, or property in the course of illegal transportation or trade;
3. Water whether in its natural state or otherwise, above or below ground (except bottled water, or water that is contained in storage tanks at the Insured's premises and used at such premises in

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- the Insured's manufacturing or processing operations or for fire protection) watercourses, aquifers or the cost of reclaiming or restoring water;
4. Land whether in its natural state or otherwise (including land on which the property is located), land improvements or the cost of restoring or stabilizing land;
 5. Grain, hay, straw or other harvested crops while outside of buildings, growing crops or standing timber;
 6. The cost of excavations, grading, backfilling or filling. This does not apply to costs necessarily incurred to repair or replace covered loss or damage to Covered Property, but any costs associated with land stabilization and land reconstruction are excluded;
 7. Property sold by the Insured under an installment plan, conditional sale, trust agreement or other deferred payment plan after delivery to the purchasers;
 8. Vehicles or self-propelled machines that:
 - a. Are licensed for use on public roads; or
 - b. Are operated principally away from the insured premises;
 9. Aircraft or watercraft;
 10. Live animals;
 11. Bulkheads, pilings, piers, wharves, docks, dikes, dams, canals, sea walls or vehicular bridges;
 12. Underground tanks (including their contents), pipes, flues, drains or tunnels, or underground and overhead wires, all whether or not connected to buildings, or mines or underground mining property;
 13. Any "electronic data processing data and media" which is obsolete or unused by the Insured;
 14. Human body parts and fluids, including organs, tissue, blood and cells;
 15. With respect to property in due course of transit:
 - a. Shipments by a government postal service, except by registered mail;
 - b. Any export or import shipment while covered under an Ocean Marine Cargo or other insurance policy;
 - c. Theft from a conveyance or container while unattended, unless the portion of the conveyance or container containing the Covered Property is fully enclosed and securely locked, and the theft is by forcible entry of which there is visible evidence;
 - d. Property of others for which the Insured is responsible while acting as a common or contract carrier, car-loader, freight forwarder, freight consolidator, freight broker, shipping association or similar arranger of transportation, or public warehouseman;
 - e. Property while waterborne, except while in transit by inland water carriers or by coastwise vessels operating within "territorial waters" of countries where coverage applies;
 16. Property that is covered under any other policy of insurance in which it is more specifically described, except for the excess of the amount due (whether the Insured can collect on it or not) from that other insurance;
 17. Any of the specific types of Covered Property described in Section B.1.a. through B.1.i. of this Coverage Form for which a Limit of Insurance is not shown in the Supplemental Coverage Declarations; or
 18. Any of the Covered Costs and Expenses described in Section B.2.b. through B.2.f. for which a Limit of Insurance is not shown in the Supplemental Coverage Declarations.

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D. EXCLUSIONS

1. The Company will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

a. Earth Movement

Any of the following, whether naturally occurring or due to man-made or other artificial causes:

- (1) (a) Earthquake, including tremors and aftershocks, and earth sinking, rising or shifting, related to such event;
- (b) Landslide, including tremors and aftershocks, and earth sinking, rising or shifting related to such event;
- (c) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased; or
- (d) Earth sinking (other than "sinkhole collapse"), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if earth movement as described in (1)(a) through (1)(d) above results in fire or explosion, the Company will pay for the loss or damage caused by that fire or explosion.

- (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in "volcanic action", building glass breakage or fire, the Company will pay for the loss or damage caused by that "volcanic action", building glass breakage or fire.

This exclusion does not apply to property in due course of transit.

b. Flood

Flood meaning:

- (1) Flood, surface water, underground water, waves (including tidal waves and tsunami), tides, tidal water, overflow of any body of water, or their spray, all whether driven by wind or not (including storm surge);
- (2) Mudslide or mudflow;
- (3) Release of water impounded by a dam;
- (4) Water or sewage that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment; and
- (5) Waterborne material carried or otherwise moved by any of the water referred to in (1), (3) or (4) above, or material carried or otherwise moved by mudslide or mudflow;

all whether naturally occurring or due to man-made or other artificial causes.

But if Flood as described in (1) through (5) above results in fire, explosion or leakage from fire protective equipment not otherwise excluded, the Company will pay for the loss or damage caused by that fire, explosion or leakage from fire protective equipment.

This exclusion does not apply to property in due course of transit.

c. Governmental Action

Seizure or destruction of property by order of governmental authority, except as provided for under Covered Costs and Expenses, Section B.2.e. Ordinance or Law.

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But the Company will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Form.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, the Company will pay for loss or damage caused by that fire.

e. War and Military Action

(1) Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack:

- (a) By any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces;
- (b) By military, naval or air forces; or
- (c) By an agent of any such government, power, authority or forces.

(2) Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence.

(3) Any discharge, explosion or use of any weapon of war employing nuclear fission or fusion will be conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces.

f. Electronic Vandalism

"Electronic vandalism".

But if "electronic vandalism" results in a "specified cause of loss", the Company will pay for loss or damage caused by that "specified cause of loss".

g. Programming Errors or Omissions

Programming errors, omissions or incorrect instructions to a machine.

But if programming errors, omissions or incorrect instructions to a machine result in a "specified cause of loss", the Company will pay for loss or damage caused by that "specified cause of loss".

h. Ordinance or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris;

except as provided in Covered Costs and Expenses, Section B.2.e. Ordinance or Law.

This Ordinance or Law exclusion applies whether the loss results from an ordinance or law that is enforced even if the property has not been damaged, or whether the loss results from the increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

i. Utility Services

The failure or fluctuation of power, communication, water or other utility service provided to the insured premises, however caused, if the failure or fluctuation:

- (1) Originates away from the insured premises; or
- (2) Originates at the insured premises, but only if such failure or fluctuation involves equipment used to supply the utility service to the insured premises from a source away from the insured premises.

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Failure or fluctuation of any utility service includes lack of sufficient capacity and reduction in supply.

If the failure or fluctuation of power, communication, water or other utility service results in a Covered Cause of Loss, the Company will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include services relating to internet access or access to any electronic, cellular or satellite network.

j. "Fungus", Wet Rot and Dry Rot

Presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot.

But if "fungus", wet rot or dry rot results in a "specified cause of loss", the Company will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet rot or dry rot results from fire or lightning; or
- (2) To the extent that coverage is provided under the Limited "Fungus", Wet Rot and Dry Rot Coverage - Direct Damage in Section B. of this Coverage Form.

k. Virus or Bacteria

Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

With respect to any loss or damage subject to this exclusion, this exclusion supersedes any exclusion relating to "pollutants".

l. Certain Computer-Related Losses

- (1) Failure, malfunction or inadequacy of, or the inability to use or have access to:
 - (a) Any of the following, whether belonging to the Insured or to others:
 - (i) Computer hardware, including microprocessors;
 - (ii) Computer application software;
 - (iii) Computer networks;
 - (iv) Microprocessors, including computer chips, not part of any computer system; or
 - (v) Any other computerized or electronic equipment or components;
 or
 - (b) Any other products and services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in paragraph (1)(a) above;
 due to the inability to correctly recognize, distinguish, interpret or accept one or more dates or times.
- (2) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by or for the Insured to determine, rectify or test for, any potential or actual failure, malfunction or inadequacy described in paragraph (1) above.

If an excluded Cause of Loss as described in paragraphs (1) and (2) above results in a Covered Cause of Loss, the Company will pay for the loss or damage caused by that Covered Cause of Loss.

The Company will not pay for repair, replacement or modification of any items in paragraph (1) above to correct any actual or potential deficiencies or change any features.

2. The Company will not pay for loss or damage caused by or resulting from any of the following:
 - a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
 - (1) Electrical or electronic wire, device, appliance, system or network; or

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(2) Device, appliance, system or network utilizing cellular or satellite technology.

Electrical, magnetic or electromagnetic energy includes:

- (1) Electrical current, including arcing;
- (2) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (3) Pulse of electromagnetic energy;
- (4) Electromagnetic waves or microwaves.

But if artificially generated electrical, magnetic or electromagnetic energy results in fire or explosion not otherwise excluded, the Company will pay for the loss or damage caused by that fire or explosion.

- b. Delay, loss of use, loss of market or interruption of business, except as specifically provided.
- c. (1) Wear and tear or depletion;
- (2) Rust, corrosion, erosion, decay, deterioration, hidden or latent defect or any quality in the property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking, bulging or expansion;
- (5) Nesting or infestation or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (6) Mechanical or machinery breakdown, including rupture or bursting caused by centrifugal force; or
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature;
 - (c) Changes in flavor, color, texture or finish;
 - (d) Contamination by other than "pollutants", evaporation or leakage; or
 - (e) Marring or scratching.

But if an excluded cause of loss that is listed in 2.c.(1) through (7) above results in a "specified cause of loss" or building glass breakage, the Company will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage. Also, if a mechanical or machinery breakdown excluded in 2.(c)(6) above results in elevator collision not otherwise excluded, the Company will pay for the loss or damage caused by that elevator collision.

- d. Explosion of steam boilers, steam generators, steam pipes, steam engines or steam turbines owned or leased by the Insured, or operated under the Insured's control. But if explosion of steam boilers, steam generators, steam pipes, steam engines, or steam turbines results in fire or combustion explosion, the Company will pay for loss or damage caused by that fire or combustion explosion. The Company will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- e. Dishonest or criminal act (including theft) by the Insured, any of the Insured's partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or any other party; or theft by any person (other than a carrier for hire or bailee) to whom the Insured entrusts the property for any purpose, whether acting alone or in collusion with each other or any other party.

This exclusion:

- (1) Applies whether or not an act occurs during the Insured's normal hours of operation;

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- (2) Does not apply to acts of destruction by the Insured's employees (including temporary employees and leased workers) or authorized representatives; but theft by the Insured's employees (including temporary employees and leased workers) or authorized representatives is not covered.
- f. Rain, snow, sand, dust, ice or sleet to personal property in the open (other than to property in the custody of a carrier for hire).
- g. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a "specified cause of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", the Company will pay for such resulting loss or damage caused by that "specified cause of loss".
- h. Collapse, subject to the following provisions:
- (1) Collapse includes any of the following conditions of property or any portion of the property:
- (a) An abrupt falling down or caving in;
 - (b) Loss of structural integrity, including separation of portions of the property or property in danger of falling down or caving in; or
 - (c) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage, or expansion as such condition relates to paragraphs (a) or (b) above.
- But if collapse results in a Covered Cause of Loss at the insured premises, the Company will pay for the loss or damage caused by that Covered Cause of Loss.
- (2) This Collapse exclusion does not apply:
- (a) To collapse, including "abrupt collapse", caused by one or more of the following:
 - (i) Any of the "specified causes of loss" or breakage of building glass, all only as otherwise insured against;
 - (ii) Weight of rain that collects on a roof; or
 - (iii) Weight of people or personal property;
 or
 - (b) To "abrupt collapse" caused by one or more of the following:
 - (i) Building decay that is hidden from view, unless the presence of such decay is known to the Insured prior to collapse;
 - (ii) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to the Insured prior to collapse;
 - (iii) Use of defective material or methods in construction, remodeling or renovation if the "abrupt collapse" occurs during the course of the construction, remodeling or renovation;
 - (iv) Use of defective material or methods of construction, remodeling or renovation if the "abrupt collapse" occurs after the construction, remodeling, or renovation is complete, but only if the collapse is caused in part by:
 - A cause of loss listed in paragraphs (b)(i) or (b)(ii) above;
 - Any of the "specified causes of loss" or breakage of building glass, all only as otherwise insured against;
 - Weight of rain that collects on a roof; or
 - Weight of people or property.
- i. Voluntary parting with any property by the Insured or anyone else to whom the Insured has entrusted the property, whether or not the insured was induced to do so by any fraudulent scheme, trick or device. But this exclusion does not apply to the insurance provided under this Coverage Form for loss of Covered Property in Transit due to the unintentional acceptance of fraudulent bills of lading, shipping receipts or messenger receipts.

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- j. Smoke, vapor or gas from agricultural smudging or industrial operations. But this exclusion does not apply to emissions or puff backs of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.
- k. Any of the following, even if they are Covered Causes of Loss, if the Insured's premises where the loss or damage occurs has been "vacant" for more than 60 consecutive days before that loss or damage occurs:
 - (1) Vandalism;
 - (2) Sprinkler leakage;
 - (3) Building glass breakage;
 - (4) "Water damage";
 - (5) Theft; or
 - (6) Attempted theft.
- l. Continuous or repeated seepage, leakage or flow of water or other liquid, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- m. Shortage disclosed by audit or upon taking inventory or by a profit and loss statement, or other instances where there is no physical evidence to show what happened to the property.

As respects Accounts Receivable, Valuable Papers and Records, "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media":

- (1) The following exclusions in Section D.2. above do not apply: a., c.(2) through c.(6), c.(7)(c) through c.(7)(e), d., f., g., h., j., k. and l.;
 - (2) Exclusions c.(1), c.(7)(a) and c.(7)(b) in Section D.2. above apply, but if mechanical breakdown not otherwise excluded results, the Company will pay for that resulting loss or damage by mechanical breakdown.
3. The Company will not pay for loss or damage caused by or resulting from any of the following:
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Section D.1. above to produce the loss or damage.
But if weather conditions, as excluded above, result in a Covered Cause of Loss, this exclusion does not apply to loss or damage caused by that resulting Covered Cause of Loss.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
But if an act or decision or the failure to act or decide, as excluded above, results in a Covered Cause of Loss, this exclusion does not apply to loss or damage caused by that resulting Covered Cause of Loss.
 - c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;
 of part or all of any property on or off the insured premises.
But if an excluded cause of loss that is listed in 3.c.(1) through 3.c.(4) above results in a Covered Cause of Loss, this exclusion does not apply to loss or damage caused by that resulting Covered Cause of Loss. But the Company will not be liable for:

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- (a) Any cost of correcting or making good the fault, inadequacy or defect itself, except as provided for fire extinguishing equipment under Limitation E.3. below;
- (b) Any cost incurred to tear down, tear out, repair or replace any part of any property to correct the fault, inadequacy or defect, except as specifically provided under the Water, Other Liquids, Powder or Molten Material Damage coverage in Section B.2.k. of this Coverage Form; or
- (c) Any resulting loss or damage by a Covered Cause of Loss to the property that has the fault, inadequacy or defect until the fault, inadequacy or defect is corrected.

E. LIMITATIONS

1. The Company will not pay for loss of or damage to property, as described and limited in this section. In addition, the Company will not pay for any loss of Business Income, Extra Expense or other indirect loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam generators, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But the Company will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than explosion.
 - c. The interior of a building or structure or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless any of the following exceptions applies:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters;
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure; or
 - (3) The rain, snow, sleet, ice, sand or dust enters the building or structure through an identifiable, existing opening in the building or structure that:
 - (a) Is architecturally intended to be in such building or structure, such as a window or vent; and
 - (b) Is not a fault, defect or inadequacy in the design, specifications, workmanship, repair, construction, renovation, remodeling or maintenance of such building or structure, or in the materials used in the repair, construction, renovation or remodeling of the building or structure.

Any portion of a building or structure that is within the exterior-facing surface material of a building or structure shall constitute the interior of that building or structure.
 - d. Merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession of the property under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This limitation applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, the Company will pay for loss or damage caused by that Covered Cause of Loss.
 - e. Accounts receivable caused by or resulting from:
 - (1) Bookkeeping, accounting or billing errors or omissions; or
 - (2) Alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or

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withholding of money, securities or other property but only to the extent of such wrongful giving, taking, obtaining or withholding.

- f. Valuable papers and records or "electronic data processing data and media" caused by or resulting from unauthorized viewing, copying, use or transfer by any person, even if such activity is characterized as theft.
- g. "Electronic data processing data and media" while being sent electronically.
- h. "Electronic data processing equipment" and "electronic data processing data and media" caused by or resulting from:
 - (1) Errors or deficiency in design, installation, maintenance, repair or modification of the Insured's electronic data processing system or any electronic data processing system or network to which the Insured's system is connected or on which the Insured's system depends (including the electronic data in such system or network). But if errors or deficiency in design, installation, maintenance, repair or modification of the Insured's electronic data processing system or any electronic data processing system or network to which the Insured's system is connected or on which the Insured's system depends (including the electronic data in such system or network) results in any of the "specified causes of loss" or results in mechanical breakdown of "electronic data processing equipment", the Company will pay for loss or damage caused by that "specified cause of loss" or mechanical breakdown of "electronic data processing equipment"; or
 - (2) Unexplained or indeterminable failure, malfunction or slowdown of any electronic data processing system or network, including the electronic data in such system or network, and the inability to access or properly manipulate the electronic data.
- 2. As respects furs, fur garments and garments trimmed with fur, jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals, the most the Company will pay for loss or damage by theft, regardless of the types or number of articles that are lost or damaged is \$50,000.
- 3. The Company will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But the Company will pay the cost to repair or replace damaged parts of the fire extinguishing equipment if the damage:
 - a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing.

F. LIMITS OF INSURANCE

Refer to the Application of Limits of Insurance conditions in the Policy Conditions, Additional Provisions and Definitions Form.

G. DEDUCTIBLES

Refer to the Application of Deductibles conditions in the Policy Conditions, Additional Provisions and Definitions Form.

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BUSINESS INCOME AND/OR RENTAL VALUE COVERAGE FORM INCLUDING EXTRA EXPENSE

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Words and phrases that appear in quotation marks have special meaning. Refer to Section D., Definitions, in the Policy Conditions, Additional Provisions and Definitions Form.

A. COVERAGE

When a Limit of Insurance is shown in the Supplemental Coverage Declarations for Business Income and/or Rental Value, the Company will pay for the actual loss of Business Income and/or Rental Value sustained by the Insured due to the necessary "suspension" of the Insured's "operations" during the "period of restoration". The Company will also pay for the actual and necessary Extra Expense the Insured incurs during the "period of restoration".

The "suspension" and the Extra Expense must be caused by direct physical loss of or damage to property at the Insured's premises where coverage applies, as described below, including personal property in the open (or in a vehicle) within 1,000 feet of such premises, caused by or resulting from a Covered Cause of Loss:

- Business Income coverage applies at the Insured's premises specified for Business Income coverage in the Supplemental Coverage Declarations or, if not so specified, at the Insured's premises for which a Business Income value is stated in the most recent Statement of Values or Business Income Worksheet or other documentation on file with the Company.
- Rental Value coverage applies at the Insured's premises specified for Rental Value coverage in the Supplemental Coverage Declarations or, if not so specified, at the Insured's premises for which a value for Rental Value is stated in the most recent Statement of Values or Business Income Worksheet or other documentation on file with the Company.
- Extra Expense coverage applies at the Insured's premises where Business Income and/or Rental Value coverage applies.

If the Insured occupies only part of a building, the Insured's premises include the portion of the building that the Insured rents, leases or occupies, as well as any area within that building or on the site of that building, if such area services or is used to gain access to the Insured's portion of that building.

Covered Cause of Loss means risks of direct physical loss unless the loss is excluded in accordance with Section C., Exclusions, limited in accordance with Section D., Limitations, or excluded or limited in the Supplemental Coverage Declarations or by endorsement.

1. Business Income and Rental Value

a. Business Income means the sum of:

- (1) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred by the Insured including, for manufacturing risks, the net sales value of production; plus
- (2) Continuing normal operating expenses incurred by the Insured.

But Business Income does not include Rental Value.

b. Rental Value means the sum of:

- (1) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred by the Insured as rental income from tenant occupancy of the Insured's premises, including fair rental value of any portion of such premises that is occupied by the Insured; plus

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- (2) Continuing normal operating expenses incurred by the Insured in connection with such premises, including the amount of all charges that are the legal obligation of the tenants and that would otherwise be the obligation of the Insured.
- c. Under the above definitions of Business Income and Rental Value, continuing normal operating expenses incurred by the Insured do not include "ordinary payroll expenses" except when "ordinary payroll expenses" are either included or limited to a specified number of days as indicated on the Supplemental Coverage Declarations. If limited, the number of consecutive days during which coverage for "ordinary payroll expenses" applies may be used in two separate periods during the "period of restoration".

2. Extra Expense

Extra Expense means the following expenses incurred by the Insured that the Insured would not have incurred if there had been no direct physical loss of or damage to property caused by or resulting from a Covered Cause of Loss:

- a. Reasonable and necessary expenses (other than expenses to repair or replace any property), incurred to:
 - (1) Avoid or minimize the "suspension" of business and to continue "operations":
 - (a) At the Insured's premises; or
 - (b) At replacement premises or at temporary locations, including relocation expenses and costs to equip and operate the replacement premises or temporary locations; and
 - (2) Minimize the "suspension" of business if the Insured cannot continue "operations";
- or
- b. Reasonable and necessary expenses to repair or replace any property, but only to the extent they reduce the amount of loss that otherwise would have been payable under this coverage form.

B. COVERAGE EXTENSIONS

Unless otherwise indicated in the Supplemental Coverage Declarations or by endorsement, the Civil Authority Coverage Extension, the Extended Business Income or Rental Value Coverage Extension and the Limited "Fungus", Wet Rot and Dry Rot - Time Element Coverage Extension apply subject to the applicable coverage period stated within each Coverage Extension. The Ingress or Egress Coverage Extension applies only when a number of days, with or without a Limit of Insurance, is shown in the Supplemental Coverage Declarations for the Coverage Extension. Each of the remaining Coverage Extensions applies only when a Limit of Insurance is shown in the Supplemental Coverage Declarations for that Coverage Extension. The insurance available under each applicable Coverage Extension for loss of Business Income and/or loss of Rental Value and Extra Expense applies only when such coverage is otherwise provided under this coverage form.

1. Civil Authority

- a. The insurance provided by this coverage form for loss of Business Income and/or loss of Rental Value and Extra Expense is extended to apply to such loss of Business Income and/or loss of Rental Value and Extra Expense incurred by the Insured caused by the action of civil authority that prohibits access to the Insured's premises where such coverages apply:
 - (1) Due to direct physical loss of or damage to property other than property at the Insured's premises, caused by or resulting from a Covered Cause of Loss, provided both of the following apply:
 - (a) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the Insured's premises are within that area but are not more than 10 miles from the damaged property; and

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- (b) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property;

or

- (2) Due to an actual or attempted violent crime, suicide or armed robbery occurring at or within 1,000 feet of such premises, provided both of the following apply:
 - (a) The actual or attempted violent crime, suicide or armed robbery is not caused by, the result of, or carried out by means of, an excluded cause of loss; and
 - (b) The action of civil authority is taken to enable a civil authority to have unimpeded access to the location of the actual or attempted violent crime, suicide or armed robbery.

The exclusion of loss caused by dishonest or criminal acts by the Insured's employees or authorized representatives in Section D.2 e. of the Property Coverage Form does not apply to this coverage for loss caused by an actual or attempted violent crime, suicide or armed robbery.

- b. Civil Authority coverage for Business Income and Rental Value will begin 72 hours after the time of the first action of civil authority that prohibits access to the Insured's premises and will then apply for a period of up to 30 consecutive days (or the revised number of consecutive days shown for this Coverage Extension in the Supplemental Coverage Declarations). No other hour deductible applicable to Business Income or Rental Value applies to this coverage.
- c. Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of the civil authority that prohibits access to the Insured's premises and will end on the later of the following:
 - (1) 30 days (or the revised number of consecutive days shown for this Coverage Extension in the Supplemental Coverage Declarations) after the date of that civil authority action; or
 - (2) The date Civil Authority coverage for Business Income and Rental Value coverage at such premises ends.

2. Ingress or Egress

- a. The insurance provided by this coverage form for loss of Business Income and/or loss of Rental Value and Extra Expense is extended to apply to such loss of Business Income and/or loss of Rental Value and Extra Expense incurred by the Insured when ingress to or egress from the Insured's premises where such coverages apply is prevented (other than as provided in the Civil Authority Coverage Extension) as a direct result of loss of or damage to property that is away from, but within 1 mile (or the revised number of miles shown for this Coverage Extension in the Supplemental Coverage Declarations) of the Insured's premises, caused by or resulting from a Covered Cause of Loss.
- b. Ingress or Egress coverage for Business Income and/or Rental Value will begin at the time ingress to or egress from the Insured's premises is first prevented or, if a number of hours is shown as the applicable Business Income and/or Rental Value deductible in the Supplemental Coverage Declarations, that number of hours after the ingress or egress is first prevented. Coverage will then apply up to the number of consecutive days shown in the Supplemental Coverage Declarations as the coverage period for this Coverage Extension.
- c. Ingress or Egress coverage for Extra Expense will begin immediately after ingress to or egress from the Insured's premises is first prevented and will end on the later of the following:
 - (1) The number of consecutive days shown for this Coverage Extension in the Supplemental Coverage Declarations; or
 - (2) The date Ingress or Egress coverage for Business Income and Rental Value at such premises ends.

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3. Extended Business Income or Rental Value

If the necessary "suspension" of the Insured's "operations" produces a Business Income and/or Rental Value loss payable under this policy, the insurance provided by this coverage form is extended to apply to such loss of Business Income and/or Rental Value incurred by the Insured during the period that:

- a. Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed or, with respect to Rental Value, tenantability is restored; and
- b. Ends on the earlier of:
 - (1) The date the Insured could restore "operations" or, with respect to Rental Value, restore tenant occupancy, with reasonable speed, to the level that would generate the Business Income or Rental Value amount that would have existed if no direct physical loss or damage had occurred; or
 - (2) 60 consecutive days (or the revised number of consecutive days shown for this Coverage Extension in the Supplemental Coverage Declarations) after the date determined in 3.a. above.

However, this Coverage Extension does not apply to loss of Business Income or Rental Value incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the Insured's premises are located.

Loss of Business Income and Rental Value must be caused by direct physical loss of or damage to property at the Insured's premises, at the premises of a "dependent property", at newly acquired premises or in transit, or to Covered Property at undescribed premises, all only as insured under this coverage form, caused by or resulting from a Covered Cause of Loss.

The expiration date of this policy will not cut short the extended Business Income or Rental Value period of coverage.

4. "Dependent Property"

The insurance provided by this coverage form for loss of Business Income and/or loss of Rental Value and Extra Expense is extended to apply to such:

- Loss of Business Income and/or Rental Value due to a "suspension" of "operations"; and
- Extra Expense;

at the Insured's premises where such coverage applies, that is:

- a. Incurred by the Insured during the "period of restoration" due to direct physical loss or damage by a Covered Cause of Loss to property at the premises of a "dependent property" within the Policy Territory. With respect only to this extension, the phrase, *at the Insured's premises*, as used in paragraph 15.a.(1) of the definition of "period of restoration" in Section D. of the Policy Conditions, Additional Provisions and Definitions Form, is deleted and replaced by the phrase *at the premises of a "dependent property"*.
- b. Incurred by the Insured and caused by the action of civil authority that prohibits access to a "dependent property" within the Policy Territory. This civil authority coverage is subject to the provisions of the Civil Authority Coverage Extension, except the phrase, *the Insured's premises*, where used in the Civil Authority Coverage Extension in Section B.1. above, is deleted and replaced by the phrase *the premises of a "dependent property"*.
- c. Incurred by the Insured when ingress to or egress from a "dependent property" within the Policy Territory is prevented (other than as provided in the Civil Authority Coverage) as a direct result of loss of or damage to property that is away from, but within 1 mile of the "dependent property", caused by or resulting from a Covered Cause of Loss. This ingress or egress coverage applies only when a coverage period is shown in the Supplemental Coverage Declarations for the Ingress or Egress Coverage Extension in Section B.2. above, and is then subject to the provisions of the Ingress or Egress Coverage Extension in Section B.2. above except:

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- (1) The phrase, *the Insured's premises*, where used in the Ingress or Egress Coverage Extension in Section B.2. above, is deleted and replaced by the phrase *the premises of a "dependent property"*.
- (2) In addition to the coverage period that applies to the Ingress or Egress Coverage Extension, this ingress or egress coverage is subject to, and will not increase, the Limit of Insurance that applies to all loss under this "Dependent Property" Coverage Extension. If a smaller Limit of Insurance is shown in the Supplemental Coverage Declarations for the Ingress or Egress Coverage Extension in Section B.2. above, payment under this coverage for loss due to the prevention of ingress to or egress from a "dependent property" will be further limited to the amount of that smaller limit.

This Coverage Extension does not apply to "dependent property" for which the Insured has more specific insurance, whether under this policy or another policy.

5. Ordinance or Law – Increased "Period of Restoration"

- a. If direct physical loss or damage by a Covered Cause of Loss occurs to property at the Insured's premises where Business Income and/or Rental Value and Extra Expense coverage applies, the insurance provided under this coverage form is extended to apply to such loss and expense the Insured incurs during the reasonable and necessary increase in the "period of restoration" caused by or resulting from the enforcement of or compliance with any ordinance or law that:
 - (1) Regulates the construction or repair of any property;
 - (2) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and
 - (3) Is in force at the time of loss.
- b. Insurance under this Coverage Extension applies only to the increased period required to repair or reconstruct the property to comply with the minimum requirements of the ordinance or law.
- c. Under this Coverage Extension, the Company will not pay for:
 - (1) Any loss due to the enforcement of or compliance with any ordinance or law that:
 - (a) The Insured was required to comply with before the loss, even if the property was undamaged; and
 - (b) The Insured failed to comply with.
 - (2) Any loss caused by or resulting from the enforcement of or compliance with any ordinance or law that requires:
 - (a) The demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot; or
 - (b) Any Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet rot or dry rot.

6. Newly Acquired Premises – Time Element

- a. The insurance provided by this coverage form for loss of Business Income and/or loss of Rental Value and Extra Expense is extended to apply to such loss and expense incurred by the Insured during the "period of restoration" due to direct physical loss or damage by a Covered Cause of Loss to property, including property under construction, within the Policy Territory at any:
 - (1) Premises newly acquired by the Insured; and
 - (2) Premises the Insured becomes newly required to insure under a written contract.

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- b. Insurance under this Coverage Extension for each premises will end when any of the following first occurs:
 - (1) This policy is cancelled or expires;
 - (2) 120 days (or the revised number of days shown for this Coverage Extension in the Supplemental Coverage Declarations) expire after the Insured acquires or begins to construct the property or is required to insure the property;
 - (3) The Insured reports the new premises to the Company; or
 - (4) The Business Income, Rental Value or Extra Expense is more specifically insured elsewhere.
- c. If the Company elects to add the premises for coverage under this coverage form, the Company will charge the Insured additional premium for values reported from the date the Insured acquires the property or is required to insure the property.
- d. With respect only to the insurance provided under this Coverage Extension, the phrase, *the Insured's premises*, as used in paragraph 15.a.(1) of the definition of "period of restoration" in Section D. of the Policy Conditions, Additional Provisions and Definitions Form, means premises described in paragraphs a.(1) and a.(2) above to which this Coverage Extension applies.

7. Undescribed Premises – Time Element

- a. The insurance provided by this coverage form for loss of Business Income and/or loss of Rental Value and Extra Expense is extended to apply to such:
 - (1) Loss of Business Income and/or Rental Value due to a "suspension" of "operations"; and
 - (2) Extra Expense;
 at the Insured's premises where such coverage applies, that is incurred by the Insured during the "period of restoration" due to direct physical loss or damage by a Covered Cause of Loss to Covered Property, as described in the Property Coverage Form, while at an Undescribed Premises.
- b. Undescribed Premises means premises that are not owned, leased or regularly operated by the Insured. Covered Property at an Undescribed Premises does not include:
 - (1) Property at the premises of "dependent property";
 - (2) Property in the due course of transit; or
 - (3) Property at any premises outside of the Policy Territory. But this exclusion does not apply to Covered Property at an "exhibition" site.
- c. With respect only to the insurance provided under this Coverage Extension, the phrase, *the Insured's premises*, as used in paragraph 15.a.(1) of the definition of "period of restoration" in Section D. of the Policy Conditions, Additional Provisions and Definitions Form, means Undescribed Premises to which this Coverage Extension applies.

8. Transit – Time Element

- a. The insurance provided by this coverage form for loss of Business Income and/or loss of Rental Value and Extra Expense is extended to apply to such:
 - Loss of Business Income and/or Rental Value due to a "suspension" of "operations"; and
 - Extra Expense;
 at the Insured's premises where such coverage applies, that is incurred by the Insured during the "period of restoration" due to direct physical loss or damage by a Covered Cause of Loss to property in the due course of transit at the risk of the Insured:
 - (1) Over the road, on inland waters, on "territorial waters" or in air space of countries or jurisdictions within the Policy Territory; and

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- (2) Over the road, on inland waters, on "territorial waters" or in air space of countries or jurisdictions that are not within the Policy Territory, while in the due course of transit at the risk of the Insured between points within the Policy Territory.
- b. This Coverage Extension does not apply to:
 - (1) Shipments by a government postal service except by registered mail;
 - (2) Any export or import shipment while covered under an Ocean Marine Cargo or other insurance policy;
 - (3) Theft from a conveyance or container while unattended, unless the portion of the conveyance or container containing the property is fully enclosed and securely locked and the theft is by forcible entry of which there is visible evidence;
 - (4) Property of others for which the Insured is responsible while acting as a common or contract carrier, car-loader, freight forwarder, freight consolidator, freight broker, shipping association or similar arranger of transportation, or public warehouseman;
 - (5) Property while waterborne, except while in transit by inland water carriers or by coastwise vessels operating within "territorial waters" of countries where coverage applies;
 - (6) Property sold by the Insured under an installment plan, conditional sale or trust agreement or other deferred payment plan after delivery to the purchasers; or
 - (7) The transporting conveyance itself.
- c. With respect only to the insurance provided under this Coverage Extension, the phrase, *property at the Insured's premises*, as used in paragraph 15.a.(1) of the definition of "period of restoration" in Section D. of the Policy Conditions, Additional Provisions and Definitions Form, is replaced by the phrase *property in the due course of transit to which this Coverage Extension applies*.

9. Contract Penalties

- a. The insurance provided by this coverage form is extended to apply to Contract Penalties the Insured incurs due to the necessary "suspension" of the Insured's "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss or damage by a Covered Cause of Loss to property at the Insured's premises where coverage for loss of Business Income and/or Rental Value applies, including "finished stock" and personal property in the open (or in a vehicle) within 1,000 feet of those premises.
- b. As used in this Coverage Extension, Contract Penalties means amounts that, under the terms of a written contract that is in effect at the time of the direct physical loss or damage, the Insured is required to pay to the Insured's customers for failure to deliver the Insured's products or services on time.
- c. When an hour deductible applies to Business Income and/or Rental Value coverage, the hour deductible does not apply to this Coverage Extension. If no deductible other than an hour deductible applies to Business Income and/or Rental Value coverage in an occurrence, the Any Other Covered Loss Deductible will apply to this Coverage Extension.

10. Claim Data Expense – Time Element

This insurance applies to the reasonable expenses incurred by the Insured in preparing claim data when required by the Company. This includes the cost of preparing income statements and other documentation to show the extent of the loss. The Company will not pay for:

- a. Any expenses incurred, directed, or billed by or payable to insurance adjusters or their associates or subsidiaries;
- b. Any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without the Company's written consent prior to such expenses being incurred; or

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- c. Any costs as provided in the Appraisal Loss Condition in Section B.2. of the Policy Conditions, Additional Provisions and Definitions Form.

11. "Pollutant" Clean Up and Removal – Time Element

- a. The insurance provided by this coverage form for:
 - (1) Loss of Business Income and/or Rental Value due to a "suspension" of "operations"; and
 - (2) Extra Expense;

at the Insured's premises where such coverage applies, that is incurred by the Insured during the "period of restoration", is extended to apply to such loss of Business Income and/or loss of Rental Value and Extra Expense incurred by the Insured during the increased period of time necessarily required to extract "pollutants" from land or water outside of buildings at such premises.
- b. Insurance under this Coverage Extension applies only if the discharge, dispersal, seepage, migration, release or escape of "pollutants" into the land or water is caused by or results from direct physical loss or damage by a "specified cause of loss" that occurs:
 - (1) To property at the Insured's premises where coverage applies that is Covered Property under the Property Coverage Form of this policy; and
 - (2) During the Policy Period.
- c. The most the Company will pay under this Coverage Extension for the sum of all loss of Business Income and/or loss of Rental Value and Extra Expense arising out of all "specified causes of loss" that occur during each separate 12 month period of this policy (commencing with the inception date of this policy) is the Limit of Insurance shown in the Supplemental Coverage Declarations for "Pollutant" Cleanup and Removal – Time Element.

12. Limited "Fungus", Wet Rot and Dry Rot - Time Element

- a. This Coverage Extension only applies when the "fungus", wet rot or dry rot is the result of a "specified cause of loss", other than fire or lightning, that occurs at the Insured's premises during the policy period, and only if all reasonable means have been used to save and preserve the property from further damage at the time of and after the occurrence of the "specified cause of loss".

The "Fungus", Wet Rot and Dry Rot exclusion in Section D.1. of the Property Coverage Form does not apply to the insurance specifically provided under this Coverage Extension.
- b. The insurance provided by this coverage form for:
 - (1) Loss of Business Income and/or Rental Value due to a "suspension" of "operations"; and
 - (2) Extra Expense;

at the Insured's premises where such coverage applies, is extended to apply to such loss and expense the Insured incurs during the reasonable and necessary increase in the "period of restoration" caused by direct physical loss of or damage to property at such premises caused by or resulting from "fungus", wet rot or dry rot.
- c. If the loss that results in the "fungus", wet rot or dry rot does not in itself necessitate a "suspension" of "operations", but such "suspension" of "operations" is necessary due to loss of or damage to property at the Insured's premises caused by "fungus", wet rot or dry rot, then the Company's payment for Business Income, Rental Value and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days (or the revised number of days shown for this Coverage Extension in the Supplemental Coverage Declarations). The days need not be consecutive.
- d. If a covered "suspension" of "operations" is caused by loss or damage at the Insured's premises by other than "fungus", wet rot or dry rot, but remediation of "fungus", wet rot or dry rot prolongs the "period of restoration", the Company will pay for loss and/or expense sustained during the delay, regardless of when such a delay occurs during the "period of

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restoration", but such coverage is limited to 30 days (or the revised number of days shown for this Coverage Extension in the Supplemental Coverage Declarations). The days need not be consecutive.

- e. The terms of this Limited "Fungus", Wet Rot and Dry Rot – Time Element Coverage Extension do not increase or reduce the coverage provided for loss caused by or resulting from collapse of buildings or structures under the Collapse exclusion in Section D.2.h. of the Property Coverage Form.

C. EXCLUSIONS

1. All of the exclusions contained in Section D. of the Property Coverage Form apply to this coverage form except:

- a. Exclusion 1.h., Ordinance or Law, is amended by the addition of the following:

This exclusion does not apply to the Ordinance or Law – Increased "Period of Restoration" Coverage Extension.

- b. Exclusion 2.b., Indirect or remote loss or damage; delay, loss of use or loss of market; or interruption of business, does not apply to the extent coverage is specifically provided under this coverage form.

2. In addition, the Company will not pay for:

- a. Any loss caused by or resulting from:

- (1) Damage or destruction of "finished stock"; or
- (2) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense or to the Contract Penalties Coverage Extension.

- b. Any loss caused by or resulting from direct physical loss of or damage to:

- (1) Outdoor trees, shrubs, plants or lawns (including fairways, greens and tees), artificial turf (including underlayment), growing crops, standing timber, land or water;
- (2) Harvested grain, hay, straw or other crops while outside of buildings;
- (3) Communication, radio or television antennas (including microwave satellite dishes), and their lead-in wiring, masts or towers;
- (4) Animals; or
- (5) Human body parts and fluids, including organs, tissues, blood and cells.

- c. Any increase of loss caused by or resulting from:

- (1) Delay in rebuilding, repairing or replacing the property or resuming "operations" due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
- (2) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", the Company will cover such loss that affects the Insured's Business Income or Rental Value during the "period of restoration" and any extension of that period as provided under the Extended Business Income or Rental Value Coverage Extension.

- d. Any Extra Expense caused by or resulting from the suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

- e. Any other consequential loss, including fines and penalties, except as specifically provided under the Contract Penalties Coverage Extension.

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D. LIMITATIONS

Under Section E. of the Property Coverage Form, Limitation 2., which limits the amount the Company will pay for theft loss to specified types of personal property, does not apply to this coverage form. All other limitations contained in Section E. of the Property Coverage Form apply to this coverage form. In addition, the following limitation applies:

Limitation – “Electronic Data Processing Data and Media”

The Company will not pay for any loss of Business Income or Rental Value caused by direct physical loss of or damage to “electronic data processing data and media” after the longer of:

1. 60 consecutive days from the date of direct physical loss or damage; or
2. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the Insured's premises (or other location of loss to which the insurance applies) that suffers loss or damage in the same occurrence, provided the Business Income or Rental Value loss caused by the loss of or damage to such property is not otherwise excluded under this coverage form.

This limitation does not apply to Extra Expense.

E. LIMITS OF INSURANCE

Refer to the Application of Limits of Insurance conditions in the Policy Conditions, Additional Provisions and Definitions Form.

F. DEDUCTIBLES

Refer to the Application of Deductibles conditions in the Policy Conditions, Additional Provisions and Definitions Form.

G. ADDITIONAL CONDITION

The following condition applies in addition to the conditions contained in the Policy Conditions, Additional Provisions and Definitions Form:

Loss Determination

1. The amount of Business Income or Rental Value loss will be determined based on:
 - a. The Net Income or Rental Value of the business before the direct physical loss or damage occurred;
 - b. The likely Net Income or Rental Value of the business if no direct physical loss or damage occurred, but not including any likely increase in Net Income or Rental Value attributable to an increase in the volume of business as a result of favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - c. The operating expenses, including “ordinary payroll expenses” to the extent insured, necessary to resume “operations” with the same quality of service that existed just before the direct physical loss or damage; and
 - d. Other relevant sources of information, including:
 - (1) The financial records and accounting procedures of the Insured;
 - (2) Bills, invoices and other vouchers; and
 - (3) Deeds, liens, contracts or leases.
2. The amount of Extra Expense will be determined based on:
 - a. All reasonable and necessary expenses that exceed the normal operating expenses that would have been incurred by “operations” during the “period of restoration” if no direct physical loss or damage had occurred. The Company will deduct from the total of such expenses:

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- (1) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (2) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - b. All reasonable and necessary expenses that reduce the Business Income or Rental Value loss that otherwise would have been incurred.
- 3. The Company will reduce the amount of the Insured's:
 - a. Business Income or Rental Value loss, to the extent the Insured can resume "operations" in whole or in part, by using:
 - (1) Damaged or undamaged property (including merchandise or "stock") at the Insured's premises or elsewhere; or
 - (2) Any other available sources of materials or outlets for the Insured's products.
 - b. Extra Expense loss to the extent the Insured can return "operations" to normal and discontinue such Extra Expense.
- 4. If the Insured intends to continue the Insured's business, the Insured must resume "operations", in whole or in part, as quickly as possible. If the Insured does not resume "operations", or does not resume "operations" as quickly as possible, the Company will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

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EARTHQUAKE, VOLCANIC ERUPTION, LANDSLIDE AND MINE SUBSIDENCE

This endorsement modifies the insurance provided under this policy.

A. The following are added to the Covered Causes of Loss and the "specified causes of loss":

1. Earthquake, meaning a shaking or trembling of the earth's crust, caused by underground volcanic or tectonic forces or by breaking or shifting of rock beneath the surface of the ground from natural causes.
2. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.
3. Landslide, meaning the rapid downward movement of a mass of rock, earth or artificial fill on a slope.
4. Mine Subsidence, meaning lateral or vertical ground movement caused by a failure initiated at the mine level of man-made underground mines, including but not limited to coal, clay limestone and fluorspar mines.

All Earthquake shocks, Volcanic Eruptions, Landslides or Mine Subsidence ground movements that occur within any 168-hour period will constitute a single Earthquake, Volcanic Eruption, Landslide or Mine Subsidence. The expiration of this policy will not reduce the 168-hour period.

B. The Earth Movement exclusion contained in Section D. of the Property Coverage Form does not apply to the insurance specifically provided under this endorsement for loss or damage caused by Earthquake, Volcanic Eruption, Landslide and Mine Subsidence. All other exclusions and limitations in this policy continue to apply. For example, loss caused directly or indirectly by a cause of loss excluded under the Flood exclusion in Section D.1.b. of the Property Coverage Form, such as waves or tides, is excluded even if the waves or tides are attributable to an Earthquake to which this endorsement applies.

C. The following additional exclusions apply to this insurance:

1. This insurance for Earthquake, Volcanic Eruption, Landslide and Mine Subsidence does not apply to, or modify any limits or deductibles that apply to:
 - a. The insurance otherwise provided for loss or damage by fire or explosion that results from an Earth Movement, other than Volcanic Eruption, and for loss or damage by fire, building glass breakage or "volcanic action" that results from a Volcanic Eruption; or
 - b. Any other insurance provided for loss or damage to which the Earth Movement exclusion does not apply.
2. The Company will not pay for loss or damage caused by or resulting from any Earthquake, Volcanic Eruption, Landslide or Mine Subsidence that begins before the inception of this insurance.
3. This insurance does not apply to the cost of restoring or stabilizing land or to loss resulting from the time required to restore or stabilize land.

D. The most the Company will pay for the total of all loss or damage caused by Earthquake, Volcanic Eruption, Landslide and Mine Subsidence in any one policy year, commencing with the inception date of this policy, is the single highest Annual Aggregate Limit of Insurance specified in the Supplemental Coverage Declarations for Earthquake, Volcanic Eruption, Landslide and Mine Subsidence.

Subject to the single highest Earthquake, Volcanic Eruption, Landslide and Mine Subsidence Annual Aggregate Limit of Insurance:

1. Any individual Annual Aggregate Limit of Insurance specified in the Supplemental Coverage Declarations for Earthquake, Volcanic Eruption, Landslide and Mine Subsidence is the most the Company will pay in any one policy year for all loss or damage to which that Limit of Insurance applies.

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2. If more than one Earthquake, Volcanic Eruption, Landslide and Mine Subsidence Annual Aggregate Limit of Insurance applies to loss or damage under this endorsement in any one occurrence, each limit will be applied separately, but the most the Company will pay under this endorsement for all loss or damage in that occurrence is the single highest Earthquake, Volcanic Eruption, Landslide and Mine Subsidence Annual Aggregate Limit of Insurance applicable to that occurrence.
 3. The Earthquake, Volcanic Eruption, Landslide and Mine Subsidence Annual Aggregate Limits of Insurance applicable to loss or damage under this endorsement are included in, and do not increase, the Limits of Insurance otherwise provided under this policy, and apply regardless of the items or types of property, number or types of coverages (including any business income, rental value and extra expense coverages) or number of premises involved. Amounts payable under this endorsement for any items or types of property, or under any coverages, will not:
 - a. Exceed the applicable property and coverage Limits of Insurance provided under this policy; nor
 - b. Increase the applicable Annual Aggregate Limits of Insurance under this endorsement.This includes payments for loss under any coverage (such as Debris Removal, Ordinance or Law, Utility Services – Direct Damage or Utility Services – Time Element) that is attributable to an Earthquake, Volcanic Eruption, Landslide or Mine Subsidence to which this endorsement applies and that would not have been covered in the absence of this endorsement.
- E. Under the Property Coverage Form, when a building at the Insured's premises is Covered Property insured under this policy, the insurance provided under this endorsement is extended to apply to loss or damage to underground pipes, flues and drains at those premises caused by Earthquake, Volcanic Eruption, Landslide or Mine Subsidence. But this will not increase the limit that applies to this insurance.

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FLOOD

This endorsement modifies the insurance provided under this policy.

A. The following is added to the Covered Causes of Loss and the "specified causes of loss":

Flood, meaning:

1. Flood, surface water, underground water, waves (including tidal waves and tsunami), tides, tidal water, overflow of any body of water, or their spray, all whether driven by wind or not (including storm surge);
2. Mudslide or mudflow;
3. Release of water impounded by a dam;
4. Water or sewage which backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment; and
5. Waterborne material carried or otherwise moved by any of the water referred to in 1., 3. or 4. above, or material carried or otherwise moved by mudslide or mudflow;

all whether naturally occurring or due to man-made or other artificial causes.

B. All Flood loss that occurs:

1. During a period of continued rising or overflow of any rivers, streams or any bodies of water and the subsidence of same within the banks of such rivers, streams or bodies of water; or
2. Due to any tidal waves or tsunamis that occur within any 168-hour period;

will constitute a single Flood occurrence.

If Flood loss commences prior to the expiration date of this policy and the Flood occurrence, as defined above, extends beyond the expiration date of this policy, the expiration of the policy will not reduce the Flood occurrence period.

C. Under the Exclusions contained in Section D. of the Property Coverage Form:

1. The Earth Movement exclusion does not apply to the insurance otherwise provided under this endorsement for loss or damage caused by or resulting from:
 - a. Mudslide or mudflow that is caused or precipitated by the accumulation of water on or below the surface of the ground; or
 - b. Flood that is attributable to an Earth Movement such as a tsunami, but this exception does not apply to any Earth Movement that results from such Flood.
2. The Flood exclusion does not apply to the insurance specifically provided under this endorsement.

All other exclusions and limitations in this policy continue to apply.

D. The following additional exclusions apply to this insurance:

1. This insurance for Flood does not apply to, or modify any limits or deductibles that apply to:
 - a. The insurance otherwise provided for loss or damage by fire, explosion or leakage from fire protective equipment that results from Flood; or
 - b. Any other insurance provided for loss or damage by Flood to which the Flood exclusion does not apply.
2. The Company will not pay for loss or damage caused by or resulting from any Flood occurrence that begins before the inception of this insurance.

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3. This insurance does not apply to the cost of restoring, recovering or dewatering land or to loss resulting from the time required to restore, recover or dewater land.
4. Unless otherwise specified in the Supplemental Coverage Declarations, this insurance for Flood does not apply to loss or damage to, or loss that is a consequence of loss or damage to:
 - a. Any building or structure or any property in the open in the United States of America if, at the time of loss, the building or structure or property in the open is, in whole or in part, located within Flood Zone A, Flood Zones prefixed A, Flood Zone V or Flood Zones prefixed V as classified under the National Flood Insurance Program; or
 - b. Any property in or on any building or structure in the United States of America if, at the time of loss, the building or structure in or on which such property is located is, in whole or in part, within Flood Zone A, Flood Zones prefixed A, Flood Zone V or Flood Zones prefixed V as classified under the National Flood Insurance Program.
- E. If, at the time of loss, a building, a structure or property in the open in the United States of America is located within more than one Flood Zone as classified under the National Flood Insurance Program, Flood coverage for loss or damage to, or loss that is a consequence of loss or damage to that building, structure or property in the open will be subject to the insurance, Annual Aggregate Limit of Insurance and deductible, if any, that would apply under this policy if that building, structure or property in the open was wholly located within the most hazardous of the Flood Zones, as defined below, in which it is located. The most hazardous Flood Zone that is determined to apply to a building or structure will also apply with respect to loss or damage to, or loss or damage that is a consequence of loss or damage to any property in or on such building or structure.

The following listing of Flood Zones, as classified under the National Flood Insurance Program, is in order of the most hazardous to least hazardous:

1. Flood Zone V and Flood Zones prefixed V;
2. Flood Zone A and Flood Zones prefixed A;
3. Flood Zone D;
4. Flood Zone B, Flood Zone X (shaded) and Zone X-500;
5. Flood Zone C and Flood Zone X.

If, at the time of loss resulting from Flood in the United States of America, the community in which property is located has been suspended from the National Flood Insurance Program, the Flood Zones that applied under the National Flood Insurance Program prior to the suspension will be used in determining the Flood Zones that apply to the property.

- F. The most the Company will pay for the total of all loss or damage caused by Flood in any one policy year, commencing with the inception date of this policy, is the single highest Annual Aggregate Limit of Insurance specified in the Supplemental Coverage Declarations for Flood.

Subject to the single highest Flood Annual Aggregate Limit of Insurance:

1. Any individual Annual Aggregate Limit of Insurance specified in the Supplemental Coverage Declarations for Flood is the most the Company will pay in any one policy year for all loss or damage to which that Limit of Insurance applies.
2. If more than one Flood Annual Aggregate Limit of Insurance applies to loss or damage under this endorsement in any one occurrence, each limit will be applied separately, but the most the Company will pay under this endorsement for all loss or damage in that occurrence is the single highest Flood Annual Aggregate Limit of Insurance applicable to that occurrence.
3. The Flood Annual Aggregate Limits of Insurance applicable to loss or damage under this endorsement are included in, and do not increase, the Limits of Insurance otherwise provided under this policy, and apply regardless of the items or types of property, number or types of coverages (including any business income, rental value and extra expense coverages) or number

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of premises involved. Amounts payable under this endorsement for any items or types of property, or under any coverages, will not:

- a. Exceed the applicable property and coverage Limits of Insurance provided under this policy; or
- b. Increase the applicable Annual Aggregate Limits of Insurance under this endorsement.

This includes payments for loss under any coverage (such as Debris Removal, Ordinance or Law, Utility Services – Direct Damage or Utility Services – Time Element) that is attributable to a Flood to which this endorsement applies and that would not have been covered in the absence of this endorsement.

- G. Under the Property Coverage Form, when a building at the Insured's premises is Covered Property insured under this policy, the insurance provided under this endorsement is extended to apply to loss or damage to underground pipes, flues and drains at those premises caused by Flood. But this will not increase the limit that applies to this insurance.

BOILER AND MACHINERY

This endorsement modifies the insurance provided under this policy.

A. Additional Covered Cause of Loss

Covered Causes of Loss and "specified causes of loss" are extended to include an Accident to a Covered Object as defined and limited in this endorsement.

1. Accident

- a. Accident means:
 - (1) Failure of pressure or vacuum equipment;
 - (2) Mechanical failure, including rupture or bursting caused by centrifugal force; or
 - (3) Electrical failure, including arcing;
 that causes physical damage to a Covered Object and necessitates its repair or replacement.
- b. Accident does not mean or include:
 - (1) Cracking of any part of an internal combustion gas turbine exposed to the products of combustion;
 - (2) Functioning of any safety or protective device;
 - (3) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection; or
 - (4) Malfunction including adjustment, alignment, calibration, cleaning or modification.
- c. If an initial Accident causes other Accidents, all will be considered one Accident. All Accidents that manifest themselves at the same time and are the direct result of the same cause will also be considered one Accident, regardless of the number of locations involved.

2. Covered Object

- a. Covered Object means equipment of a type listed in 2.b. below that is:
 - (1) At or within 1,000 feet of the Insured's premises described in the most recent Statement of Values or other documentation on file with the Company, or at a newly acquired location as otherwise insured and limited under this policy; and
 - (2) Owned or leased by the Insured or operated under the Insured's control; and
 - (3) Not otherwise excluded in 2.c. below.
- b. Covered Object includes the following types of equipment:
 - (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents;
 - (2) Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy; and
 - (3) Fiber optic cable.
- c. Covered Object does not mean or include any:
 - (1) Structure, foundation, cabinet or compartment supporting or containing the Covered Object or part of the Covered Object;
 - (2) Insulating or refractory material;
 - (3) Power shovel, dragline, excavation or construction equipment, including any equipment mounted on or used solely with any power shovel, dragline, excavation or construction equipment;
 - (4) Catalyst;

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- (5) Pressure vessels or piping that are buried below, under or encased in ground, ice, sand, cement or other material and require the excavation of materials to inspect, remove, repair or replace;
- (6) Penstock, draft tube or well casing;
- (7) Vehicle, aircraft, self-propelled equipment or floating vessel including any equipment mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel;
- (8) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
- (9) Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or a Code that has been accepted by the National Board of Boiler and Pressure Vessel Inspectors;
- (10) Felt, wire, screen, mold, form, pattern, die, extrusion plate, swing hammer, grinding disc, cutting blade, cable, chain, belt, rope, clutch plate, brake pad, vacuum tube, gas tube, brush, or any other part or tool subject to periodic replacement;
- (11) Astronomical telescope, cyclotron used for other than medical purposes, nuclear reactor, particle accelerator used for other than medical purposes, satellites or spacecraft (including any equipment mounted on or used solely with any satellite or spacecraft); and
- (12) Objects manufactured or held by the Insured for sale to others.

B. Boiler and Machinery Coverage Extensions

Each of the following Boiler and Machinery Coverage Extensions also applies when a Limit of Insurance for the Coverage Extension is indicated in the Supplemental Coverage Declarations:

1. Hazardous Substance

- a. If as a result of an Accident to a Covered Object, property at or within 1,000 feet of the Insured's premises or a newly acquired location is damaged, contaminated or polluted by a substance declared to be hazardous to health by a governmental agency, the Company will pay:
 - (1) The additional expense the Insured incurs to clean up, repair, replace or dispose of any such property that is Covered Property under the Property Coverage Form; and
 - (2) The increase in loss under the Business Income Coverage Forms or the Extra Expense Coverage Form due to the additional time required to clean up, repair, replace or dispose of the property provided Business Income, Rental Value or Extra Expense loss resulting from damage to such property is not otherwise excluded under those Coverage Forms. Subject to the Limit of Insurance that applies to this Coverage Extension, the "period of restoration" under the Business Income Coverage Forms and the Extra Expense Coverage Form is extended to include this additional period of time.
- b. As used in this Coverage Extension, additional expense and increase in loss mean expenses and loss incurred beyond the expense and loss for which the Company would have been liable had no substance declared to be hazardous to health by a governmental agency been involved.
- c. The most the Company will pay under this Coverage Extension for all additional expense and increase in loss arising out of any one Accident that is incurred due to damage, contamination or pollution by:
 - (1) Ammonia is the Limit of Insurance specified for Boiler and Machinery Ammonia Contamination shown in the Supplemental Coverage Declarations; or
 - (2) Any other substance declared to be hazardous to health by a governmental agency is the Limit of Insurance specified for Boiler and Machinery Hazardous Substance shown in the Supplemental Coverage Declarations.

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- d. Payments under this Coverage Extension are part of and not in addition to the Limit of Insurance that applies to:
 - (1) Direct physical loss of or damage to Covered Property; and
 - (2) Loss of Business Income, Rental Value and/or Extra Expense; caused by the Accident to a Covered Object.

2. Water Damage

The insurance provided under the Property Coverage Form is extended to apply to direct physical loss to Covered Property at the Insured's premises or at a newly acquired location that is damaged by water as a result of an Accident to a Covered Object. The most the Company will pay for this kind of damage, including salvage expense, is the Limit of Insurance specified for Boiler and Machinery Water Damage shown in the Supplemental Coverage Declarations. This limit is part of and not in addition to the Limit of Insurance that applies to direct physical loss of or damage to Covered Property caused by an Accident to a Covered Object.

3. Consequential Damage

- a. The Insurance provided under the Property Coverage Form is extended to apply to direct physical loss of or damage to perishable Business Personal Property at the Insured's premises or at a newly acquired location that is:
 - (1) Maintained under controlled conditions for its preservation; and
 - (2) Susceptible to loss or damage if the controlled conditions change;
 due to spoilage resulting from lack or excess of power, light, heat, steam or refrigeration that is caused solely by an Accident to a Covered Object.

Insurance under this Coverage Extension includes the reasonable expense the Insured incurs to reduce or avert the spoilage loss or damage, but only to the extent the amount of loss otherwise payable under this Coverage Extension is reduced.

- b. The most the Company will pay for loss or damage under this Coverage Extension is the Limit of Insurance specified for Consequential Damage shown in the Supplemental Coverage Declarations. This limit is part of and not in addition to the Limit of Insurance that applies to direct physical loss of or damage to Covered Property caused by an Accident to a Covered Object.
- c. The Company will not pay for any loss or damage under this Coverage Extension resulting from the Insured's failure to use due diligence and dispatch and all reasonable means to protect the property from damage following an Accident.
- d. As soon as possible after an Accident, the Insured must make use of every available means to reduce or avert loss under this Coverage Extension, including:
 - (1) Merchandise or other property such as surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock the Insured owns, controls or can obtain; and
 - (2) Salvaging the perishable Business Personal Property.

The Company will not pay for loss or damage under this Coverage Extension that results from the Insured's failure to use all reasonable means to protect the perishable Business Personal Property from damage following an Accident.

- e. Insurance under this Coverage Extension applies only with respect to Accidents that occur during the time this Coverage Extension is in effect. But if such Accidents result in loss or damage under this Coverage Extension that continues beyond the termination or expiration of this Coverage Extension, the Company's liability for that loss or damage will not be limited by the termination or expiration of this coverage.

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4. Utility Services

- a. The term Covered Cause of Loss, under the Utility Services – Direct Damage endorsement and Utility Services – Time Element endorsement, is extended to include an Accident to an object that is:
 - (1) Utility Supply Services Property, as defined in the Utility Services endorsements, owned by a public or private utility company;
 - (2) Located:
 - (a) At a location other than the Insured's premises with respect to the insurance provided under the Utility Services – Direct Damage endorsement; or
 - (b) At a location other than the Insured's premises or outside a building at the Insured's premises with respect to the insurance provided under the Utility Services – Time Element endorsement; and
 - (3) Not a type of object that is otherwise excluded under this endorsement.
- b. (1) When the Utility Services Limit of Insurance shown in the Supplemental Coverage Declarations includes Boiler and Machinery, the Limits of Insurance that apply to the Utility Services – Direct Damage endorsement and/or Utility Services – Time Element endorsement, also apply to loss under this Coverage Extension, and does not increase that Limit of Insurance.
- (2) When a Utility Services Limit of Insurance is indicated in the Supplemental Coverage Declarations for Boiler and Machinery only, that Limit of Insurance is the most the Company will pay for loss under this Coverage Extension.

C. Boiler and Machinery Exclusions and Limitations

The exclusions and limitations that apply to this policy apply to loss or damage under this endorsement, except as follows:

- 1. Under the Exclusions contained in Section D. of the Property Coverage Form:
 - a. Exclusion 1.h., Ordinance or Law, is amended by the addition of the following:
 Except as otherwise provided under the Hazardous Substance Coverage Extension, this exclusion applies to any increase in loss due to the discharge, dispersal, seepage, migration, release or escape of any hazardous substance declared to be hazardous to health by a government authority as a result of an Accident to a Covered Object.
 - b. Exclusions 2.a., 2.c.(6), 2.d., 2.j. and 2.l. do not apply.
 - c. Exclusion 2.g. is replaced by the following:
 The Company will not pay for loss caused by the discharge, dispersal, seepage, migration, release or escape of "pollutants" caused by an Accident to an object except as otherwise provided under the Hazardous Substance Coverage Extension.
- 2. Under the Limitations contained in Section E. of the Property Coverage Form:
 - a. Limitations 1.a and 1.b. do not apply.
 - b. Limitation 3. is replaced by the following:
 The Company will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes, unless the defect is itself caused by an Accident to a Covered Object.
- 3. The following additional exclusions apply to the insurance provided by this endorsement:
 - a. The Company will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

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- (1) Lack or excess of power, light, heat, steam or refrigeration. But this exclusion does not apply to Business Income, Rental Value, Extra Expense or Leasehold Interest coverage or to the Consequential Damage Coverage Extension or Utility Services Coverage Extension, when applicable.
- (2) An Accident to a Covered Object that takes place while the Covered Object is undergoing a test which subjects the Covered Object to greater than maximum allowable operating conditions as identified by the manufacturer of the Covered Object.
- (3) An Accident to:
 - (a) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells used in conjunction with electronic computer or electronic data processing equipment;
 - (b) Data stored on this media; or
 - (c) Programming records used for electronic data processing or electronically controlled equipment;

whether or not the media or data is in actual use at the time of the Accident.
- b. The Company will not pay for direct physical loss or damage to property caused by water, even when the water is a result of an Accident to which this insurance applies. But this exclusion does not apply to the Water Damage Coverage Extension or to Business Income, Rental Value, Extra Expense or Leasehold Interest coverage.
- c. With respect only to the Utility Services Coverage Extension, the Company will not pay for loss caused by or resulting from an Accident that is itself caused by collapse.

D. Boiler and Machinery Limits of Insurance

When "Included" is indicated in the Supplemental Coverage Declarations for Boiler and Machinery Property Damage, Business Income, Rental Value, Extra Expense or Leasehold Interest, the insurance under this endorsement is provided subject to the Limit of Insurance that otherwise applies under this policy to the coverage for which "Included" is indicated. This is not additional insurance.

When a specific Limit of Insurance is indicated in the Supplemental Coverage Declarations for Boiler and Machinery Property Damage, Business Income, Rental Value, Extra Expense or Leasehold Interest, the most the Company will pay for loss under this endorsement is the applicable Limit of Insurance specified in the Supplemental Coverage Declarations. These Limits of Insurance are part of, and do not increase the Limits of Insurance that otherwise apply to such coverages under this policy.

Payments under the Boiler and Machinery Coverage Extensions will not increase the Boiler and Machinery Limits of Insurance.

E. Boiler and Machinery Additional Condition

The following additional condition applies to the insurance provided under this endorsement:

Suspension

If any Covered Object is found to be in, or exposed to a dangerous condition, the Company may immediately suspend the insurance provided for loss caused by or resulting from an Accident to that Covered Object. The suspension can be done by delivering or mailing a notice of the suspension to:

- 1. The Insured's last known address; or
- 2. The address where the Covered Object is located.

The Insured will get a pro rata refund of premium for the suspended insurance. But the suspension will be effective even if the Company has not yet made or offered a refund. Once suspended, such insurance can only be reinstated by a written endorsement issued by the Company.

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ELECTRONIC VANDALISM

This endorsement modifies the insurance provided under this policy.

- A. The following is added to the Covered Causes of Loss and the "specified causes of loss":
"Electronic Vandalism"
- B. The Electronic Vandalism exclusion contained in Section D. of the Property Coverage Form does not apply to the insurance specifically provided under this endorsement. All other exclusions and limitations in this policy continue to apply.
- C. This insurance for "Electronic Vandalism" does not apply to or modify any limits or deductibles that apply to:
1. The insurance otherwise provided for loss or damage by a "specified cause of loss" that results from "electronic vandalism"; or
 2. Any other insurance provided under this policy to which the Electronic Vandalism exclusion specifically does not apply.
- D. The most the Company will pay under this endorsement for all loss or damage caused by or resulting from all incidents of "electronic vandalism" that occur in any one policy year, commencing with the inception date of this policy is the Annual Aggregate Limit of Insurance specified in the Supplemental Coverage Declarations for Limited Electronic Vandalism Cause of Loss Coverage. This limit is part of, and does not increase the Limits of Insurance otherwise provided under this policy, and applies regardless of the items or types of property, the number or types of coverages (including any business income, rental value and extra expense coverages) or the number of premises involved. Amounts payable under this endorsement for any items or types of property, or under any coverages, will not:
1. Exceed the applicable property and coverage Limits of Insurance provided under this policy; nor
 2. Increase the Limited Electronic Vandalism Cause of Loss Coverage Annual Aggregate Limit of Insurance under this endorsement.

This includes payments for loss under any coverage that is attributable to "electronic vandalism" to which this endorsement applies and that would not have been covered in the absence of this endorsement.

EXCLUSION OF NUCLEAR HAZARD, WAR, MILITARY ACTION AND PATHOGENIC OR POISONOUS BIOLOGICAL OR CHEMICAL MATERIALS

This endorsement modifies the insurance provided under this policy.

- A.** The Nuclear Hazard Exclusion is replaced by the following Exclusion. With respect to any form, endorsement or coverage to which the Nuclear Hazard Exclusion does not apply, that Exclusion is hereby added as follows.

NUCLEAR HAZARD

1. The Company will not pay for loss or damage caused directly or indirectly by nuclear reaction or radiation, or radioactive contamination, however caused. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
2. With respect only to direct physical loss or damage to Covered Property occurring within the states of:

Arizona, California, Connecticut, Georgia, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, Virginia, Washington, West Virginia, Wisconsin

the following exception to this Nuclear Hazard Exclusion applies:

If nuclear reaction or radiation, or radioactive contamination, results in fire, the Company will pay for the loss or damage caused by that fire. However, this exception for fire applies only to direct loss or damage by fire to Covered Property. This fire exception does not apply to any other insurance provided under this policy including, but not limited to, any insurance provided under this policy for Business Income, Rental Value, Extra Expense, Leasehold Interest or Legal Liability coverage.

In the event of loss or damage under this exception for fire, the value of the lost or damaged Covered Property will be determined at actual cash value at the time of loss, without allowance for any increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of the property. Any Ordinance or Law coverage provided under this policy does not apply to loss or damage under this exception for fire.

3. With respect to any activity that comes within the terms of the War and Military Action Exclusion and involves nuclear reaction or radiation, or radioactive contamination, the War and Military Action Exclusion supersedes this Nuclear Hazard Exclusion.
- B.** The War and Military Action Exclusion is replaced by the following Exclusion. With respect to any form, endorsement or coverage to which the War and Military Action Exclusion does not apply, that Exclusion is hereby added as follows.

WAR AND MILITARY ACTION

1. The Company will not pay for loss or damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
 - a. Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack:
 - (1) By any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces;
 - (2) By military, naval or air forces; or
 - (3) By an agent of any such government, power, authority or forces.

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- b. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence.

Any discharge, explosion or use of any weapon of war employing nuclear fission or fusion will be conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces.

- 2. With respect to any action that comes within the terms of this exclusion and:
 - a. Involves nuclear reaction or radiation, or radioactive contamination, this War and Military Action Exclusion supersedes the Nuclear Hazard Exclusion.
 - b. Involves a discharge, dispersal, seepage, migration, release, escape or application of any pathogenic or poisonous biological or chemical materials that comes within the terms of the Pathogenic or Poisonous Biological or Chemical Materials Exclusion, this War And Military Action Exclusion supersedes the Pathogenic or Poisonous Biological or Chemical Materials Exclusion.

C. PATHOGENIC OR POISONOUS BIOLOGICAL OR CHEMICAL MATERIALS

- 1. The Company will not pay for loss or damage caused directly or indirectly by the discharge, dispersal, seepage, migration, release, escape or application of any pathogenic or poisonous biological or chemical materials. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
- 2. With respect only to direct physical loss or damage to Covered Property occurring within the states of:

Arizona, California, Connecticut, Georgia, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, Virginia, Washington, West Virginia, Wisconsin

the following exception to this Pathogenic or Poisonous Biological or Chemical Materials Exclusion applies:

If the discharge, dispersal, seepage, migration, release, escape or application of any pathogenic or poisonous biological or chemical materials results in fire, the Company will pay for the loss or damage caused by that fire. However, this exception for fire applies only to direct loss or damage by fire to Covered Property. This fire exception does not apply to any other insurance provided under this policy including, but not limited to, any insurance provided under this policy for Business Income, Rental Value, Extra Expense, Leasehold Interest or Legal Liability coverage.

In the event of loss or damage under this exception for fire, the value of the lost or damaged Covered Property will be determined at actual cash value at the time of loss, without allowance for any increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of the property. Any Ordinance or Law coverage provided under this policy does not apply to loss or damage under this exception for fire.

- 3. This exclusion does not apply when both 3.a. and 3.b. below apply:
 - a. The pathogenic or poisonous biological or chemical materials are normally kept at or brought onto:
 - (1) The Insured's premises, with the Insured's consent, for use in the Insured's business operations at the Insured's premises; or
 - (2) Any premises, other than the Insured's premises, by others for use in conducting their valid business operations at such premises;
 and
 - b. The discharge, dispersal, seepage, migration, release, escape or application of the pathogenic or poisonous biological or chemical materials is accidental and is not the result of a willful or malicious act against any persons, organizations or property of any nature;

but all other exclusions continue to apply.

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4. With respect to any action that comes within the terms of the War And Military Action Exclusion and involves a discharge, dispersal, seepage, migration, release, escape or application of any pathogenic or poisonous biological or chemical materials that comes within the terms of this Pathogenic or Poisonous Biological or Chemical Materials Exclusion, the War and Military Action Exclusion supersedes this Pathogenic or Poisonous Biological or Chemical Materials Exclusion.

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BUILDERS RISK

This endorsement modifies the insurance provided under the Property Coverage Form.

A. The following is added to Section B.1. of the Property Coverage Form:

Builders Risk Property

1. This insurance applies to direct physical loss or damage by a Covered Cause of Loss to Builders Risk Property, as defined in 2. below, while at any of the following locations for which a Builders Risk Limit of Insurance is shown in the Supplemental Coverage Declarations:
 - a. At a Construction Site described in the Supplemental Coverage Declarations, the most recent Statement of Values or other documentation on file with the Company;
 - b. At any temporary storage location; or
 - c. In transit.

This insurance also applies to the necessary and reasonable expenses incurred by the Insured to reprepare, reexcavate or regrade land or reperform similar land work at a covered Construction Site due to direct physical loss or damage at the Construction Site caused by or resulting from a Covered Cause of Loss. This coverage is subject to, and will not increase the Limit of Insurance that applies to the Construction Site.

2. Builders Risk Property, as used in this endorsement, means the following types of property that are owned by the Insured or for which the Insured is liable:
 - a. Buildings or structures in the course of construction;
 - b. Building materials and supplies, equipment, machinery and fixtures intended to become a permanent part of the buildings or structures in the course of construction; and
 - c. Construction forms, cribbing, scaffolding and temporary structures used in the construction of the buildings or structures.

The exclusion under item 12. in Section C. for underground tanks (including their contents), pipes, flues, drains and tunnels, and underground and overhead wires, does not apply to Builders Risk Property.

3. With respect to each covered building or structure in the course of construction, this coverage for Builders Risk Property will end when any of the following first occurs:
 - a. 30 days expire after the building or structure is occupied or put to its intended use;
 - b. 30 days expire after construction is complete;
 - c. The Company agrees to cover the completed building or structure under this policy;
 - d. Any other insurance covers the property as a completed building or structure;
 - e. The Construction Site is abandoned with no intent to complete it;
 - f. The Insured's interest in the property ceases; or
 - g. This policy expires or is cancelled.
4. This coverage for Builders Risk Property does not apply to any loss or damage that is covered under any guarantee of any contractor, manufacturer or supplier, whether or not such contractor, manufacturer or supplier is a Named Insured under this policy.

B. Except as provided in Section C. of this endorsement, the following additional changes apply to Section B.1. of the Property Coverage Form:

1. Items a., Buildings, and b., Business Personal Property, do not include Builders Risk Property.
2. Item g., Newly Constructed or Acquired Property, is amended as follows:

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When the Construction Sites and the Limit of Insurance applicable to each Construction Site are specifically identified on the Supplemental Coverage Declarations for Builders Risk coverage, the Newly Constructed or Acquired Property coverage applies to new Construction Sites, except that the most the Company will pay in any one occurrence for loss or damage at any one new Construction Site is the highest Builders Risk Limit of Insurance indicated in the Supplemental Coverage Declarations for a specifically identified Construction Site.

When the Construction Sites are not specifically identified, and a Maximum Limit of Insurance at any one Construction Site, subject to a Maximum Limit of Insurance at all Construction Sites, is indicated in the Supplemental Coverage Declarations for Builders Risk coverage, the Newly Constructed or Acquired Property coverage applies at new Construction Sites, except that the most the Company will pay in any one occurrence for loss or damage at any one new Construction Site is the Maximum Limit of Insurance at any one Construction Site indicated in the Supplemental Coverage Declarations.

3. Item j., Covered Property at Undescribed Premises, does not apply to any Builders Risk Property.
 4. When a Builders Risk Limit of Insurance is shown in the Supplemental Coverage Declarations for Property in Transit, the provisions of item k., Covered Property in Transit, apply to Builders Risk Property. But the most the Company will pay in any one occurrence for loss or damage to Builders Risk Property in the due course of transit is the Builders Risk Limit of Insurance shown in the Supplemental Coverage Declarations for Property in Transit.
- C. Except as provided by endorsement or by documented agreement on file with the Company, provisions B.1., B.3. and B.4. above do not apply to Builders Risk Property used in the reconstruction of a covered building or structure following a covered loss to the building or structure under this policy. Instead:
1. The Limit of Insurance that otherwise applies to the covered building or structure will apply to such Builders Risk Property at the Insured's premises where the building or structure is being reconstructed;
 2. The Limit of Insurance, if any, shown in the Supplemental Coverage Declarations for:
 - a. Covered Property at Undescribed Premises; or
 - b. Builders Risk, Property in Transit;
 whichever is greater, will apply to such Builders Risk Property while it is at a temporary storage site; and
 3. The Limit of Insurance, if any, shown in the Supplemental Coverage Declarations for:
 - a. Covered Property in Transit; or
 - b. Builders Risk, Property in Transit;
 whichever is greater, will apply to such Builders Risk Property while it is in transit.

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CONTRACTORS EQUIPMENT

This endorsement modifies the insurance provided under the Property Coverage Form.

The following coverage is added:

Contractors Equipment

- A. The Company will pay for direct physical loss or damage by a Covered Cause of Loss to Contractors Equipment, as defined in B. below, that is:
1. The Insured's property or property of others in the care, custody or control of the Insured; and
 2. Described in the most recent Schedule of Contractors Equipment or other documentation on file with the Company;
- while the property is at or away from the Insured's premises, or in the due course of transit, within the Policy Territory.
- B. Contractors Equipment, as used in this coverage, means mobile machinery and equipment that is:
1. Used by the Insured for the purpose for which it was designed and manufactured; and
 2. Used in the Insured's business.
- C. The Company will also provide each of the following Additional Coverage Extensions for which a Limit of Insurance is shown in the Supplemental Coverage Declarations:

1. Newly Acquired Contractors Equipment

The insurance provided for Contractors Equipment is extended to apply to direct physical loss or damage by a Covered Cause of Loss to newly acquired Contractors Equipment. This coverage will end when one of the following first occurs:

- a. This policy is canceled or expires;
- b. 60 days expire from the date of such acquisition;
- c. The property is reported to the Company; or
- d. The property is more specifically insured elsewhere.

The Company will charge the Insured an additional premium for Contractors Equipment values reported from the date that the Insured acquires the property.

The most the Company will pay for loss or damage in any one occurrence under this coverage is the Limit of Insurance shown in the Supplemental Coverage Declarations for Newly Acquired Contractors Equipment.

2. Equipment Rental Expense

- a. In the event of covered loss or damage to Contractors Equipment by a Covered Cause of Loss, the Company will pay any necessary and reasonable expenses incurred by the Insured for the rental of temporary substitute Contractors Equipment to continue, as nearly as practicable, the Insured's operations on work in progress or under contract.
- b. Payment under this coverage is limited to such expenses incurred during the period of time that:
 - (1) Begins one working day after the date the direct physical loss or damage is reported to the Company, meaning a period of 24 consecutive hours of a normally scheduled workday beginning at midnight on the date the loss is reported to the Company; and
 - (2) Ends on the earlier of the following dates:
 - (a) The date the damaged Contractors Equipment should be repaired or replaced with reasonable speed and similar quality; or
 - (b) The date the need for the substitute equipment ceases to exist.

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The expiration date of this policy will not cut short the Rental Expense.

c. This coverage does not apply to:

- (1) Any expense if the Insured has suitable substitute equipment available to continue operations;
- (2) Any expense for the rental of equipment not of the same type or not to be used for the same purpose as the equipment for which it is substituted; or
- (3) Any loss of market, loss of income or any other consequential loss.

d. The most the Company will pay for loss or damage in any one occurrence under this coverage is the Limit of Insurance shown in the Supplemental Coverage Declarations for Equipment Rental Expense.

D. The following changes apply to Section B.1. of the Property Coverage Form:

1. Items b., Business Personal Property, and j., Covered Property at Undescribed Premises, do not include Contractors Equipment.
2. Item g., Newly Constructed or Acquired Property, does not apply to newly acquired Contractors Equipment.
3. The provisions of item k., Covered Property in Transit, apply to the insurance provided under this coverage for Contractors Equipment in the due course of transit. But the most the Company will pay for loss or damage to such property is subject to the Limits of Insurance described in Section G. below.

E. Section C. of the Property Coverage Form is modified as follows:

1. Item 8. is replaced by the following:
Vehicles or self-propelled machines that are licensed for road use.
2. The following items are added as property not covered:
 - a. Any Contractors Equipment while leased, rented or loaned to others;
 - b. Any Contractors Equipment while underground or underwater;
 - c. Any Contractors Equipment while waterborne, except while in the due course of transit by inland water carriers or by coastwise vessels operating within "territorial waters" of countries where coverage applies;
 - d. Tires unless the loss or damage to the tires is coincident with other covered loss or damage to the Contractors Equipment; or
 - e. "Electronic data processing equipment" unless the "electronic data processing equipment" is an integral part of the Contractors Equipment.

F. With respect only to the insurance provided under this coverage, the following exclusion is added to Section D. of the Property Coverage Form:

The Company will not pay for loss or damage caused by or resulting from:

1. The weight of a load exceeding, at the time of loss, the maximum lifting or operating capacity established by the manufacturer of the property; or
2. Work upon or service of the Contractors Equipment, but if loss or damage by fire or explosion results, the Company will pay for loss or damage to the Contractors Equipment caused by the resulting fire or explosion.

G. The most the Company will pay in any one occurrence under this coverage for loss or damage to Contractors Equipment, other than newly acquired Contractors Equipment, is the applicable Limit of Insurance shown in the Supplemental Coverage Declarations for Contractors Equipment. The Limits of Insurance that apply to the Newly Acquired Contractors Equipment and Equipment Rental Expense Additional Coverage Extensions apply in addition to the Contractors Equipment Limit of Insurance.

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H. The valuation provisions of this policy are amended by the following:

In the event of a covered loss or damage, the Company will determine the value of Contractors Equipment at actual cash value.

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EXPEDITING EXPENSES – BOILER & MACHINERY

This endorsement modifies insurance provided under the Property Coverage Form.

The following coverage is added under Section B. 2., Covered Costs and Expenses:

Expediting Expenses

In the event of direct physical loss or damage to Covered Property caused by or resulting from an Accident to a Covered Object to which the Boiler and Machinery insurance provided under this policy applies, the Company will pay for the reasonable additional expenses incurred by the Insured to make temporary repairs to, or expedite the permanent repair or replacement of, the Covered Property.

Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation.

The most the Company will pay under this coverage for all Expediting Expenses arising out of any one occurrence is the Limit of Insurance specified for Expediting Expenses, Boiler & Machinery only, shown in the Supplemental Coverage Declarations.

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UTILITY SERVICES – DIRECT DAMAGE

This endorsement modifies the insurance provided under the Property Coverage Form.

The following coverage is added:

Utility Services – Direct Damage

1. The Company will pay for direct physical loss of or damage to Covered Property at the Insured's premises caused by the interruption, failure or fluctuation of service to the Insured's premises. The interruption, failure or fluctuation must result from direct physical loss or damage by a Covered Cause of Loss to Utility Supply Services Property, as defined in 2. and 3. below, that is located:
 - a. Away from the Insured's premises; or
 - b. At the Insured's premises and used to supply the utility service to the Insured's premises from a location away from the Insured's premises.
2. Utility Supply Services Property, as used in this coverage, means:
 - a. **Water Supply Services Property**, meaning the following types of property supplying water to the Insured's premises:
 - (1) Water treatment plants;
 - (2) Water tanks;
 - (3) Water mains; and
 - (4) Pumping stations.
 - b. **Communication Supply Services Property**, meaning property supplying communication services, including telephone, radio, microwave or television services and services relating to internet access or access to any electronic network, to the Insured's premises, such as:
 - (1) Communication transmission lines (including fiber optic transmission lines and lines which may be identified as distribution lines), other than overhead transmission lines;
 - (2) Coaxial cables; and
 - (3) Microwave radio relays except satellites.
 - c. **Power Supply Services Property**, meaning the following types of property supplying electricity, steam or gas to the Insured's premises:
 - (1) Utility generating plants;
 - (2) Switching stations;
 - (3) Substations, pumping stations;
 - (4) Transformers;
 - (5) Transmission lines (including lines which may be identified as distribution lines), other than overhead transmission lines; and
 - (6) Tanks.
3. When:
 - a. Overhead Transmission Lines are indicated as included in the Supplemental Coverage Declarations; or
 - b. An Overhead Transmission Lines Limit of Insurance is specified in the Supplemental Coverage Declarations;

Utility Supply Services Property also includes **Overhead Transmission Lines**, meaning overhead transmission lines supplying electricity, steam or gas to the Insured's premises and overhead

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communication transmission lines supplying communication services to the Insured's premises, including such overhead power and communication lines which may be identified as distribution lines.

4. The Utility Services exclusion in Section D. does not apply to this coverage.
5. The most the Company will pay for loss or damage under this coverage is the Limit of Insurance shown in the Supplemental Coverage Declarations for Utility Services - Direct Damage. But the Company will not pay more for loss or damage to any Covered Property than the Limit of Insurance that applies to that Covered Property.

If a separate Overhead Transmission Lines Limit of Insurance is shown in the Supplemental Coverage Declarations for this coverage, the Overhead Transmission Lines Limit of Insurance is part of, and not in addition to the Utility Services – Direct Damage Limit of Insurance shown in the Supplemental Coverage Declarations.

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UTILITY SERVICES – TIME ELEMENT

This endorsement modifies the insurance provided under the Business Income and/or Rental Value Coverage Form and the Extra Expense Coverage Form.

- A. The coverage provided for loss of Business Income, Rental Value and/or Extra Expense is extended to apply to such loss and/or expense at the Insured's premises where such coverage applies caused by the interruption, failure or fluctuation of service to such premises. The interruption, failure or fluctuation must result from direct physical loss or damage by a Covered Cause of Loss to Utility Supply Services Property, as defined in B. and C. below, that is located:
1. Away from the Insured's premises; or
 2. At the Insured's premises and used to supply the utility service to the Insured's premises from a location away from the Insured's premises.
- B. As used in this endorsement, Utility Supply Services Property means:
1. **Water Supply Services Property**, meaning the following types of property supplying water to the Insured's premises:
 - a. Water treatment plants;
 - b. Water tanks;
 - c. Water mains; and
 - d. Pumping stations.
 2. **Communication Supply Services Property**, meaning property supplying communication services, including telephone, radio, microwave or television services and services relating to internet access or access to any electronic network, to the Insured's premises, such as:
 - a. Communication transmission lines (including fiber optic transmission lines and lines which may be identified as distribution lines), other than overhead transmission lines;
 - b. Coaxial cables; and
 - c. Microwave radio relays, except satellites.
 3. **Power Supply Services Property**, meaning the following types of property supplying electricity, steam or gas to the Insured's premises:
 - a. Utility generating plants;
 - b. Switching stations;
 - c. Substations, pumping stations;
 - d. Transformers;
 - e. Transmission lines (including lines which may be identified as distribution lines), other than overhead transmission lines; and
 - f. Tanks.
 4. **Wastewater Removal Services Property**, meaning a utility system for removing wastewater and sewage from the Insured's premises, other than a system designed primarily for draining storm water. The utility property includes sewer mains, pumping stations and similar equipment for moving effluent to a holding treatment or disposal facility, and includes such facilities.
- But coverage under this endorsement does not apply to interruption in wastewater removal service caused by or resulting from a discharge of water or sewage due to heavy rainfall or flooding.

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C. When:

1. Overhead Transmission Lines are indicated as included in the Supplemental Coverage Declarations; or
2. An Overhead Transmission Lines Limit of Insurance is specified in the Supplemental Coverage Declarations;

Utility Supply Services Property also includes **Overhead Transmission Lines**, meaning overhead transmission lines supplying electricity, steam or gas to the Insured's premises and overhead communication transmission lines supplying communication services to the Insured's premises, including such overhead power and communication lines which may be identified as distribution lines.

D. The Utility Services exclusion in Section D. of the Property Coverage Form does not apply to this coverage.

E. The most the Company will pay for loss or expense under this coverage is the Limit of Insurance shown in the Supplemental Coverage Declarations for Utility Services – Time Element. This Limit of Insurance is part of and does not increase the Business Income and/or Extra Expense Limit of Insurance provided under this policy.

If a separate Overhead Transmission Lines Limit of Insurance is shown in the Supplemental Coverage Declarations for this coverage, the Overhead Transmission Lines Limit of Insurance is part of, and not in addition to the Utility Services – Time Element Limit of Insurance shown in the Supplemental Coverage Declarations.

F. When a number of hours is shown in the Supplemental Coverage Declarations as the deductible applicable to Utility Services – Time Element, the Company will pay under this coverage only for loss of Business Income and/or Rental Value the Insured sustains after that number of hours immediately following the direct physical loss or damage to the Utility Supply Services Property. This deductible does not apply to Extra Expense.

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POLICY CONDITIONS, ADDITIONAL PROVISIONS AND DEFINITIONS FORM

A. GENERAL CONDITIONS

1. Application of Deductibles

- a. Any deductibles that apply are specified in the Supplemental Coverage Declarations or in the forms or endorsements attached to this policy.

Unless otherwise specified in the Supplemental Coverage Declarations, or by endorsement, when a deductible is specified as applying separately at each affected location, in any one occurrence, or at a specific location in any one occurrence, each of the following will be considered a location:

- (1) A single address that is not part of a complex described in (2) below, regardless of the number of buildings at that address; or
- (2) A multiple building complex, such as an apartment complex, office building complex or industrial park, with multiple addresses, provided:
 - (a) All addresses within the complex are under the same ownership or management; and
 - (b) The complex is known by a single name; and
 - (c) All addresses within the complex are insured premises under this policy; and
 - (d) The addresses are adjacent to one another, or separated only by a street.

b. Dollar Deductibles

When the deductible that applies is specified as a dollar amount, the Company will not pay for loss or damage to which the deductible applies until the amount of loss or damage exceeds the specified deductible amount. The Company will then pay the amount of the loss or damage in excess of the specified deductible, up to the applicable Limit of Insurance.

c. Percentage Deductibles

- (1) Percentage deductibles may be written as a percentage of total values or as a percentage per unit of insurance.

(2) Total Values Percentage Deductibles

When the deductible that applies is specified as a percentage of total values, the deductible will be equal to the percentage of the total values specified in the most recent Statement of Values on file with the Company for buildings, structures, personal property and rental values to which the deductible applies.

(3) Per Unit of Insurance Percentage Deductibles

When the deductible that applies is specified as a percentage per unit of insurance, the deductible will be equal to the percentage of value calculated for, and applied separately to, each of the following units of insurance:

- (a) Each building or structure sustaining loss or damage;
- (b) Personal property within each building or structure if that personal property sustains loss or damage;
- (c) Personal property in the open if personal property in the open sustains loss or damage;
- (d) Business Income values impacted by the direct loss or damage to property, when the percentage deductible is indicated as applying to Business Income; and
- (e) Rental values impacted by the direct loss or damage to property, when the percentage deductible is indicated as applying to Rental Value.

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The values to be used when calculating the deductible for (a), (b), (c), (d) and (e) above are either those as specified for each unit of insurance shown in the most recent Statement of Values on file with the Company or, if not so specified, or if the damaged property is a building in the course of construction or renovation, the values will be determined at the time of loss. When Business Income values or rental values are determined at the time of loss, the values will be calculated for the 12 months following the inception date of the policy term in which the loss occurs.

- (4) When both a percentage deductible and a dollar deductible are specified together as applicable to a coverage or exposure, whether specified as applying in any one occurrence or specified as applying at each affected location in any one occurrence, the percentage deductible will be calculated and applied as described in (2) and (3) above, but the dollar deductible is the minimum amount the Company will deduct in any one occurrence, or at each affected location in any one occurrence, as specified, for all loss or damage to which the deductible is stated to apply.
- (5) When a maximum dollar deductible is also specified as applicable, the specified maximum deductible is the most the Company will deduct in any one occurrence for all loss or damage to which the deductible is stated to apply.

d. Hour Deductibles

If the deductible for Business Income or any other time element coverage is specified in hours, the Company will not be liable for any loss incurred during the specified number of hours immediately following the start of the "period of restoration" or other applicable period during which incurred loss would otherwise be covered. The Company will then pay the amount of loss incurred for the remainder of the "period of restoration" or other applicable period during which incurred loss is covered, up to the Limit of Insurance.

e. Two or More Deductibles in Any One Occurrence

If any causes of loss, coverages or types of property insured against under this policy are subject to separate deductibles and two or more of those causes of loss, coverages and/or types of property are involved in any one loss occurrence, each cause of loss, coverage and type of property loss will be adjusted separately. But the total of the deductible amounts applied will not exceed the highest deductible amount applied in that occurrence for any one involved cause of loss, coverage or type of property.

This provision does not apply to:

- (1) Deductibles applicable to any of the following causes of loss:

- (a) Earth Movement;
 - (b) Earthquake and Volcanic Eruption;
 - (c) Earthquake, Volcanic Eruption, Landslide and Mine Subsidence;
 - (d) Earthquake Sprinkler Leakage;
 - (e) Flood;
 - (f) "Windstorm"; or
 - (g) Hurricane;
- or

- (2) Any hour deductible.

f. Application of Deductibles for Certain Covered Causes of Loss Provided by Endorsement

Any deductible shown on the Supplemental Coverage Declarations or elsewhere in this policy for a cause of loss listed below applies only with respect to loss or damage to which the endorsement providing coverage for such cause of loss applies, and does not apply to any loss or damage by such cause of loss that is covered in the absence of such endorsement, such as fire or explosion that results from an earth movement:

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- (1) Earth Movement;
 - (2) Earthquake and Volcanic Eruption;
 - (3) Earthquake, Volcanic Eruption, Landslide and Mine Subsidence;
 - (4) Earthquake Sprinkler Leakage;
 - (5) Flood;
 - (6) Sewer Back-Up; or
 - (7) Boiler and Machinery.
- g. Any Other Covered Loss Deductible
- Unless otherwise specifically stated in this policy, the deductible shown in the Supplemental Coverage Declarations for any other covered loss applies to all causes of loss, coverages and types of property insured against under this policy for which no deductible is specifically shown in the Supplemental Coverage Declarations or in the forms or endorsements included in this policy, except Extra Expense. No deductible applies to Extra Expense.

2. Application of Limits of Insurance

- a. The most the Company will pay for any loss or damage to which this policy applies is the applicable Limit of Insurance provided under this policy for such loss or damage. When a per occurrence Limit of Insurance applies, that Limit of Insurance is the most the Company will pay in any one occurrence for the loss or damage to which the Limit of Insurance applies. When an aggregate Limit of Insurance applies, that aggregate Limit of Insurance is the most the Company will pay for all loss or damage to which such Limit of Insurance applies that results from all occurrences in any one policy year, commencing with the inception date of this policy.
- b. Under the Property Coverage Form, unless otherwise stated in the Supplemental Coverage Declarations, or by endorsement:
 - (1) Payments under the following Covered Costs and Expenses will not increase the applicable Covered Property Limits of Insurance:
 - (a) Debris Removal. But if a Limit of Insurance for Additional Debris Removal Expense is specified in the Supplemental Coverage Declarations, that Limit of Insurance will apply in addition to the applicable Covered Property Limits of Insurance;
 - (b) Limited "Fungus", Wet Rot and Dry Rot Direct Damage Coverage;
 - (c) Fire Department Service Charge;
 - (d) Fire Protective Equipment Discharge;
 - (e) Preservation of Property; and
 - (f) Water, Other Liquids, Powder or Molten Material Damage.
 - (2) The Limits of Insurance that are specified for the remaining Covered Costs and Expenses are in addition to the Covered Property Limits of Insurance.
- c. Under the Business Income and/or Rental Value Coverage Forms or the Extra Expense Coverage Form, unless otherwise stated in the Supplemental Coverage Declarations, or by endorsement:
 - (1) Payments under the following Coverage Extensions will not increase the Limits of Insurance that apply to Business Income, Rental Value and/or Extra Expense:
 - (a) Civil Authority;
 - (b) Ingress or Egress;
 - (c) Extended Business Income or Rental Value (Business Income and/or Rental Value Coverage Forms only);

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- (d) Limited "Fungus", Wet Rot and Dry Rot – Time Element (Business Income and/or Rental Value Coverage Forms only) or Limited "Fungus", Wet Rot and Dry Rot – Extra Expense (Extra Expense Coverage Form only);
 - (e) Expenses to Reduce Loss (Business Income and/or Rental Value Coverage Form Excluding Extra Expense only).
- (2) The Limits of Insurance that are specified for the remaining Coverage Extensions are additional amounts of insurance.
- d. Unless otherwise specified in the Supplemental Coverage Declarations, or by endorsement, when a Limit of Insurance is specified as applying separately at each affected location, in any one occurrence, or on a per location basis, the description of a location contained in provision a. of the Application of Deductibles condition in Section A.1. of this form will apply.
 - e. Policy Limit

When a Policy Limit is shown in the Supplemental Coverage Declarations, the above Limits of Insurance provisions A.2. a. through A.2.d. apply, but are subject to the Policy Limit. The Policy Limit is the most the Company will pay for all loss or damage in any one occurrence under this policy. All other specified Limits of Insurance shown in the Supplemental Coverage Declarations or in any Coverage Forms, Schedules or endorsements are included within, and do not increase, the Policy Limit.

3. Application of Deductibles and Limits of Insurance – "Windstorm" or Hail Additional Provisions

- a. When a "Windstorm" or Hail Limit of Insurance (including an entry of Included or Not Covered) or a "Windstorm" or Hail deductible is shown in the Supplemental Coverage Declarations, such Limit of Insurance or deductible will apply to all loss or damage in any one occurrence:
 - (1) Caused directly or indirectly by "Windstorm" or Hail that occurs at the locations to which the "Windstorm" or Hail Limit of Insurance or deductible applies, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage; or
 - (2) Caused by rain, snow, sand or dust at the locations to which the "Windstorm" or Hail Limit of Insurance or deductible applies, whether driven by wind or not, if that loss or damage would not have occurred but for the "Windstorm" or Hail.

But if such loss or damage results in fire or explosion, the "Windstorm" or Hail Limit of Insurance or "Windstorm" or Hail deductible will not apply to such resulting loss or damage caused by the fire or explosion.

- b. Any "Windstorm" or Hail Limit of Insurance or "Windstorm" or Hail deductible shown in the Supplemental Coverage Declarations will not serve to imply or afford coverage for any loss or damage that would otherwise be excluded under the Flood exclusion in Section D. of the Property Coverage Form or under any other exclusion in the policy. If this policy is endorsed to cover Flood, a separate Limit of Insurance and deductible applies to the loss or damage attributable to the Flood, in accordance with the terms of the Flood endorsement and the remainder of this policy.
- c. Any Limit of Insurance shown in the Supplemental Coverage Declarations for "Windstorm" or Hail is part of and does not increase any other applicable limits under this policy.
- d. When a "Named Windstorm" Limit of Insurance or deductible is shown in the Supplemental Coverage Declarations:
 - (1) The phrase, "Windstorm" or Hail, where used in provisions a., b. and c. above, is replaced by "Named Windstorm"; and
 - (2) Provision a.(2) above is amended to include loss or damage caused by hail that would not have occurred but for the "Named Windstorm".

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4. Cancellation and Nonrenewal**a. Cancellation**

- (1) The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to the Company advance written notice of cancellation.
- (2) The Company may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (a) 10 days before the effective date of cancellation if the Company cancels for nonpayment of premium; or
 - (b) 60 days before the effective date of cancellation if the Company cancels for any other reason.
- (3) The Company will mail or deliver notice to the first Named Insured's last mailing address known to the Company.
- (4) Notice of cancellation will state the effective date of cancellation. If the policy is cancelled, that date will become the end of the policy period.
- (5) If this policy is cancelled, the Company will send to the first Named Insured any premium refund due. If the Company cancels, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if the Company has not made or offered a refund.
- (6) If notice is mailed, proof of mailing will be sufficient proof of notice.

b. Nonrenewal

In the event the Company decides not to renew this policy, the Company will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 60 days before the expiration date.

5. Changes

This policy contains all the agreements between the Insured and the Company concerning the insurance afforded. The policy terms can be amended or waived only by written endorsement issued by the Company as part of this policy.

6. Concealment, Misrepresentation or Fraud

This policy is void in any case of fraud by the Insured as it relates to this policy at any time. It is also void if the Insured or any other person or entity insured under this policy, at any time, intentionally conceals or misrepresents a material fact concerning:

- a. This policy;
- b. The Covered Property;
- c. The Insured's interest in the Covered Property; or
- d. A claim under this policy.

7. Control of Property

The breach of any condition of this policy as a result of any act or neglect of any person other than the Insured beyond the direction or control of the Insured will not affect this insurance.

The breach of any condition of this policy at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

8. Currency

It is understood and agreed that all amounts used herein are in the currency of the United States of America and that premiums and losses are payable in United States of America currency. In the event of a loss adjustment involving foreign currency, the conversion into the currency of the

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United States of America will be at the rate of exchange quoted in *The Wall Street Journal* as of the date of the loss.

9. Examination of the Insured's Books and Records

The Company may examine and audit the Insured's books and records as they relate to this policy at any time during the policy period and up to three years afterward.

10. Identity of Interest

If the Named Insured under this policy is comprised of more than one legal entity, liability under this policy will not exceed the liability that would have existed had all such interests comprised a single legal entity.

11. Inspections and Surveys

- a. The Company has the right but is not obligated to:
 - (1) Make inspections and surveys at any time;
 - (2) Give the Insured reports on the conditions found; and
 - (3) Recommend changes.
- b. Neither the right to make inspections, nor the making thereof, nor any risk analysis, nor any advice or reports resulting therefrom will imply any liability, or constitute an undertaking on behalf of or for the benefit of the Insured. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. The Company does not make safety inspections. The Company does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. In addition, the Company does not warrant that the conditions are safe, healthful or in compliance with any law, rule, regulation, code or standard.
- c. This condition applies not only to the Company, but also to any rating, advisory, rate service or similar organization that makes insurance inspections, surveys, reports or recommendations.
- d. Paragraph b. above does not apply to any inspections, surveys, reports or recommendations the Company may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators in the United States of America.

12. Legal Action Against the Company

No one may bring a legal action against the Company under this policy unless:

- a. There has been full compliance with all of the terms of this policy; and
- b. The action is brought in the United States of America, in a United States of America court having proper jurisdiction, within 2 years after the date on which the direct physical loss or damage occurred.

13. Liberalization

If the Company adopts any revision that would broaden the coverage under this policy without additional premium, within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

14. Mortgagee Interests and Obligations

Loss or damage, if any, as covered under this policy, will be payable to each mortgagee (or trustee) designated herein in order of their precedence as their interests may appear. With respect to the mortgagee's (or trustee's) interest, this insurance will not be invalidated by any act of the Insured (mortgagor or owner), nor by any foreclosure or other similar proceedings or notice of sale relating to the property, nor by any change in title or ownership of the property, provided that:

- a. In the event the Insured (mortgagor or owner) has neglected to pay any premium due under this policy, the mortgagee (or trustee), at the request of the Company, pays the same;

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- b. The mortgagee (or trustee) has notified the Company of any change in ownership, occupancy or increase in the risk or hazards known to the mortgagee (or trustee) and, at the request of the Company, pays the premium for such increased risk or hazards; and
- c. The mortgagee (or trustee) submits a signed, sworn proof of loss within 60 days after having been notified by the Company that the Insured (mortgagor or owner) has failed to do so.

In the event the Company pays the mortgagee (or trustee) for any loss or damage covered under this policy and therefore claims that as to the Insured (mortgagor or owner) no liability existed, the Company will be subrogated to all the rights, to the extent of such payment, of the party to whom such payment was made, and the right of the mortgagee (or trustee) to recover the full amount of its claim will not be impaired. The Company may, at the Company's option, pay to the mortgagee (or trustee) the whole principal due plus any accrued interest. Thereupon, the Company will receive a full assignment and transfer of the mortgage and other such securities and the remaining mortgage debt will be payable by the Insured (mortgagor or owner) to the Company.

The Company reserves the right to cancel this policy at any time as provided by its terms but, in such case, this policy will continue in force for the benefit only of the mortgagee (or trustee) for 10 days after notice to the mortgagee (or trustee) of cancellation for nonpayment of premium or 60 days after notice to the mortgagee (or trustee) of cancellation for any other reason. In the event the Company elects not to renew this policy, the Company will give written notice to the mortgagee (or trustee) at least 30 days prior to the expiration of this policy.

15. No Benefit to Bailee

No person or organization, other than the Insured, having custody of Covered Property will benefit from this insurance.

16. No Reduction by Loss

Except with respect to any aggregate limit or aggregate sublimit of insurance in this policy, it is mutually understood and agreed that the amount of insurance will not be reduced by the payment of losses under this policy.

17. Other Insurance

a. Underlying Insurance

Permission is granted to the Insured to purchase insurance on all or any part of the deductibles of this policy, and the existence of such underlying insurance will not prejudice any recovery otherwise payable under this policy. If the limits of such underlying insurance exceed the deductible which would apply under this policy, then the insurance provided by this policy will apply only as excess after the limits applicable to the underlying insurance, including that portion which exceeds such deductible, have been exhausted.

b. Excess Insurance

Permission is granted to the Insured to have excess insurance over the Limit(s) of Insurance set forth in this policy without prejudice to this policy. The existence of such insurance will not reduce the Company's liability under this policy.

c. "Local Admitted Insurance"

When there is "local admitted insurance" issued to cover loss or damage in a country or jurisdiction, other than the United States of America, that is within the Policy Territory and that insurance covers, in whole or in part, the same loss or damage as this policy, the Company will only pay the difference between:

- (1) The amount the Company would have paid for such loss or damage under this policy if such "local admitted insurance" was not available; and
- (2) The amount the Insured is entitled to for such loss or damage under the terms and conditions of that "local admitted insurance".

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d. Other Insurance Subject to Same Plan, Terms, Conditions and Provisions

In the event the Insured has other insurance, other than "local admitted insurance", subject to the same plan, terms, conditions and provisions as the insurance under this policy, the Company will pay its share of the covered loss or damage. The Company's share is the proportion that the applicable Limit of Insurance under this policy bears to the Limits of Insurance of all insurance, other than "local admitted insurance", covering on the same basis.

If there is other insurance covering the same loss or damage, other than that described above, the Company will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether the Insured can collect on it or not. But, the Company will not pay more than the applicable Limit of Insurance.

18. Policy Period and Territory

Under this policy, the Company will cover loss or damage that commences during the policy period as specified in the Declarations and, except as otherwise specifically provided, within the Policy Territory as specified in the Declarations.

Unless otherwise indicated, references in this policy to the United States of America include Puerto Rico and its other territories and possessions and references in this policy to any other countries also include the territories and possessions of such countries.

19. Premiums

The first Named Insured shown in the Declarations is responsible for the payment of all premiums and will be the payee for any return premiums the Company pays.

20. Prohibited Coverage

a. Prohibited Coverage – Unlicensed Insurance

- (1) With respect to loss sustained by any Insured, or loss to any property, located in a country or jurisdiction in which the Company is not licensed to provide this insurance, this insurance does not apply to the extent that insuring such loss would violate the laws or regulations of such country or jurisdiction.

However, with respect to an otherwise covered loss, the Company will reimburse an Insured that is located in a country or jurisdiction in which the Company is licensed or otherwise authorized to provide this insurance because of its Financial Interest in the Foreign Entity.

As used in this Condition:

- (a) Financial Interest means an insurable interest in a Foreign Entity because of:

- (i) An ownership interest in such Foreign Entity;
- (ii) Indemnification of, or an obligation to indemnify, such Foreign Entity for loss sustained by the Foreign Entity; or
- (iii) An obligation to obtain property insurance for such Foreign Entity.

- (b) Foreign Entity means an entity which has an insurable interest in property located in a country or jurisdiction that prohibits the Company from insuring such property.

- (2) The Company does not assume responsibility for:

- (a) The payment of any fine, fee, penalty or other charge that may be imposed on any person or organization in any country or jurisdiction because the Company is not licensed to provide insurance in such country or jurisdiction; or
- (b) The furnishing of certificates or other evidence of insurance in any country or jurisdiction in which the Company is not licensed to provide insurance.

b. Prohibited Coverage – Trade or Economic Sanctions

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The Company will provide coverage for any loss, or otherwise will provide any benefit, only to the extent that providing such coverage or benefit does not expose the Company or any of the Company's affiliated or parent companies to:

- (1) Any trade or economic sanction under any law or regulation of the United States of America; or
- (2) Any other applicable trade or economic sanction, prohibition or restriction.

21. Subrogation and Subrogation Waiver

a. Subrogation – Transit

The following subrogation provisions apply to any transit coverage provided under this policy:

- (1) If any person or organization to or for whom the Company makes payment under any transit coverage provisions of this policy has rights to recover damages from another, those rights are transferred to the Company to the extent of such payment. That person or organization must do everything necessary to secure the Company's rights and must do nothing after the loss to impair them.
- (2) Insurance under the transit coverage provisions will be null and void if any Insured does any act or enters into any agreement, before or after loss, which in any way releases, impairs or destroys the right to recover against any carrier for hire, or other party liable for the loss, or transfers such right to anyone other than the Company. Even if the transit coverage becomes null and void, the Company has the right to retain and recover the premium for this coverage. The Insured does have permission to accept the limited liability form receipts or bills of lading commonly used by carriers for hire without prejudice to this coverage. The Company is not liable however, for any loss that is settled or compromised without the written consent of the Company.
- (3) If the Company pays for loss or advances or loans money under the transit coverage, the Insured will, upon request and at the expense of the Company, make claim upon and institute legal proceedings against any carrier, bailee or other party liable for the loss. At the option of the Company, such claims or legal proceedings may be instituted in the name of the Insured. The Insured agrees to fully cooperate with the Company in making such claims and prosecuting such legal proceedings.

b. Subrogation – All Other Coverages

If any person or organization to or for whom the Company makes payment under this policy has rights to recover damages from another, those rights are transferred to the Company to the extent of such payment. That person or organization must do everything necessary to secure the Company's rights and must do nothing after the loss to impair them.

But, the Insured may waive its rights against another party by specific written agreement:

- (1) Prior to a loss to Covered Property.
- (2) After a loss to Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - (a) Someone insured by this insurance;
 - (b) A business firm owned or controlled by the Insured or that owns or controls the Insured; or
 - (c) The Insured's tenant.

Such waiver will not invalidate or restrict this insurance.

22. Transfer of the Insured's Rights and Duties Under this Policy

The Insured's rights and duties under this policy may not be transferred without the written consent of the Company except in the case of death of an individual Named Insured. If an individual Named Insured dies, the Insured's rights and duties will be transferred to the Insured's legal representative but only while acting within the scope of duties as the Insured's legal

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representative. Until the Insured's legal representative is appointed, anyone having proper temporary custody of the Insured's property will have rights and duties but only with respect to that property.

23. Unintentional Errors in Description

The insurance provided by this policy is extended to apply with respect to loss or damage to property at locations within the Policy Territory that are owned, leased or operated by the Insured, if such loss or damage is not payable under this policy due solely to any unintentional error in the description of the address of the property. But this will not increase any Limits of Insurance that apply under this policy.

Upon discovery of the unintentional error, the Insured will report the correct information to the Company. An additional premium may be charged based upon the corrected information.

B. LOSS CONDITIONS

1. Abandonment

There can be no abandonment of any property to the Company.

2. Appraisal

If the Company and the Insured disagree on the value of the property, the amount of net income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that a judge of a court having jurisdiction make the selection. The appraisers will state separately the value of the property, the amount of loss or the amount of net income and operating expense. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, the Company will still retain its right to deny the claim.

3. Duties in the Event of Loss or Damage

- a. The Insured must see that the following are done in the event of loss of or damage:
 - (1) Notify the police if a law may have been broken.
 - (2) Give the Company prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give the Company a description of how, when, and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, the Company will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At the request of the Company, give the Company complete inventories of the damaged and undamaged property, including quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit the Company to inspect the property and records proving the loss or damage and examine the Insured's books and records.

Also permit the Company to take samples of damaged and undamaged property for inspection, testing and analysis and permit the Company to make copies from the Insured's books and records.

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- (7) Send the Company a signed, sworn proof of loss containing the information that the Company requests to investigate the claim. The Insured must do this within 60 days after the Company's request. The Company will supply the Insured with the necessary forms.
- (8) Cooperate with the Company in the investigation or settlement of the claim.
- b. The Company may examine any Insured under oath, while not in the presence of any other Insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an Insured's books and records. In the event of an examination, an Insured's answers must be signed.

4. Loss Payment

- a. In the event of loss or damage to property covered by this policy, at the option of the Company, the Company will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property subject to b. below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild, or replace the property with other property of like kind, size and quality subject to b. below.
- b. Except as otherwise specifically provided in this policy, the cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. The Company will give notice of its intentions within 30 days after the Company receives the proof of loss it requires.
- d. The Company will not pay the Insured more than the Insured's financial interest in the Covered Property.
- e. The Company may adjust losses with the owners of lost or damaged property if other than the Insured. If the Company pays the owners, such payments will satisfy the Insured's claims against the Company for the owner's property. The Company will not pay the owners more than their financial interest in the Covered Property.
- f. The Company may elect to defend the Insured against suits arising from claims of owners of property. The Company will do this at its own expense.
- g. The Company will pay for covered loss or damage within 30 days after the Company receives the sworn proof of loss it requires, if:
 - (1) The Insured has complied with all of the terms of this policy; and
 - (2) The Company has reached agreement with the Insured on the amount of loss or an appraisal award has been made.
- h. At the option of the Company, the Company may make a partial payment toward any claim, subject to the policy provisions and the Company's normal adjustment process. To be considered for a partial claim payment, the Insured must submit a partial sworn proof of loss with supporting documentation. Any applicable policy deductibles must be satisfied before any partial payment is made.
- i. If two or more of this policy's coverages apply to the same loss or damage, the Company will not pay more than the actual amount of the loss or damage.

5. Recovered Property

In the event either the Insured or the Company recovers any property after loss settlement, that party must give the other prompt notice. At the option of the Insured, the property will be returned to the Insured. The Insured must then return to the Company the amount the Company paid to the Insured for the property.

- a. The Company will pay:

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- (1) Recovery expenses; and
- (2) Costs to repair the recovered property;
- b. But the amount the Company pays will not exceed the least of the following:
 - (1) The total of a.(1) and a.(2) above;
 - (2) The value of the recovered property; or
 - (3) The Limit of Insurance.

C. ADDITIONAL PROVISIONS APPLICABLE TO LOSS OR DAMAGE OUTSIDE OF THE UNITED STATES OF AMERICA

With respect only to loss or damage occurring in a country or jurisdiction within the Policy Territory, other than the United States of America:

1. The following exclusion is added:

Terrorism

The Company will not pay for loss or damage caused directly or indirectly by any actual, alleged, or threatened act of force, violence, or other danger against any person, organization, or property, which:

- a. Intimidates or coerces, or appears to a reasonable person to be intended to intimidate or coerce, any government authority, any civilian population, or any segment of any civilian population;
- b. Disrupts, or appears to a reasonable person to be intended to disrupt, any segment of the economy; or
- c. Involves biological, chemical, or nuclear activity;

regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Because biological, chemical, or nuclear activity may involve pollutants, or nuclear reaction, nuclear radiation, radioactive contamination, or contamination, this exclusion applies in addition to any pollution exclusions, nuclear activity exclusions, contamination exclusions, or any pollution - related, nuclear - related, or contamination - related exclusions that are a part of this insurance.

2. The Property Coverage Form, the Business Income and/or Rental Value Coverage Form Including Extra Expense, the Business Income and/or Rental Value Coverage Form Excluding Extra Expense and the Extra Expense Coverage Form are amended by the addition of each of the following coverages for which a Limit of Insurance is shown in the Supplemental Coverage Declarations:

a. Coinsurance Deficiency

The Company will pay for the loss the Insured sustains as respects:

- (1) Covered Property under the Property Coverage Form; and
- (2) Business Income and/or Extra Expense under the Business Income Coverage Form Including Extra Expense, the Business Income Coverage Form Excluding Extra Expense and/or the Extra Expense Coverage Form;

due to the application of any coinsurance or average clause under any "local admitted insurance" issued to cover loss or damage in a country or jurisdiction, other than the United States of America, that is within the Policy Territory. The Company will pay the difference between the total amount recovered under the "local admitted insurance" and the total amount of loss which would have been recoverable without the application of such coinsurance or average clause in the "local admitted insurance".

However, this coverage will only apply if the coinsurance deficiency is due to an inadvertent error, omission, or failure to report and insure proper values under the "local admitted

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insurance". Any deliberate error, omission, or failure to report and insure proper values will not be covered. The Insured agrees to adjust the reported insurable values and limits of coverage as soon as they have knowledge of the coinsurance deficiency.

The most the Company will pay for loss in any one occurrence under this coverage is the Limit of Insurance specified for Coinsurance Deficiency in the Supplemental Coverage Declarations.

b. Devaluation of Currency

The Company will pay for the loss the Insured sustains as respects:

- (1) Covered Property under the Property Coverage Form; and
- (2) Business Income and/or Extra Expense under the Business Income Coverage Form Including Extra Expense, the Business Income Coverage Form Excluding Extra Expense and/or the Extra Expense Coverage Form;

due to any deficiency in the amount of the Insured's recoverable loss under any "local admitted insurance" issued to cover loss or damage in a country or jurisdiction, other than the United States of America, that is within the Policy Territory, caused by a devaluation of the foreign currency in which the "local admitted insurance" is written.

The most the Company will pay for loss in any one occurrence under this coverage is the Limit of Insurance specified for Currency Devaluation in the Supplemental Coverage Declarations.

c. Tax Liability

In the event that:

- (1) Covered loss or damage under this policy occurring outside of the United States of America cannot be paid in the country in which the loss occurred; and
- (2) The Company reimburses an Insured for the loss because of its Financial Interest in the Foreign Entity pursuant to the Prohibited Coverage – Unlicensed Insurance condition in Section A.20.a. of this form;

the Company will pay an additional amount for additional tax liability incurred by the Insured. The additional amount of tax liability will be calculated as follows:

Loss payment due under this coverage is $((C - A) / B) - C$

Where A = Local tax benefit received where the loss occurred.

B = 1.00 minus the effective tax rate in the country where the loss payments are to be received. The effective tax rate shall be the corporate tax rate in effect for the fiscal year when the loss occurred.

C = The actual loss otherwise payable under this agreement, except for the operation of this rule.

If the effective local tax rate where the loss occurred is equal to or greater than the effective tax rate in the country where the loss payments are to be received, then this coverage will not apply.

The Company will not make any payment under this coverage if there is no increase in the Insured's worldwide tax liability.

The most the Company will pay for loss in any one occurrence under this coverage is the Limit of Insurance specified for Tax Liability in the Supplemental Coverage Declarations.

3. The Property Coverage Form is amended by the addition of the following coverage when a Limit of Insurance is shown for it in the Supplemental Coverage Declarations:

Tenants', Neighbors' and Landlords' Liability

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The Company will pay for direct physical loss or damage caused by or resulting from a Covered Cause of Loss to:

- a. Covered Property that the Insured leases or rents for which the Insured is legally responsible as a tenant under civil law or by commercial code.
- b. Adjacent property of neighbors for which the Insured is legally responsible under civil law or by commercial code.
- c. Property of the Insured's tenants for which the Insured is legally responsible under civil law or by commercial code.

The most the Company will pay for loss or damage in any one occurrence under this coverage is the Limit of Insurance specified for Tenants', Neighbors' and Landlords' Liability in the Supplemental Coverage Declarations.

D. DEFINITIONS

As used in this policy:

1. "Abrupt Collapse":

- a. Means the abrupt falling down or caving in of:
 - (1) A building or any portion of a building to which this insurance applies, or that contains Covered Property to which this insurance applies, with the result that the building or portion of the building cannot be occupied for its intended purpose; or
 - (2) Personal property inside a building.
- b. Does not mean:
 - (1) A building or any portion of a building that is in danger of falling down or caving in;
 - (2) A portion of a building that is standing, even if it has separated from another portion of the building;
 - (3) A building that is standing, or any portion of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion;
 - (4) Personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion; or
 - (5) The abrupt falling down or caving in of any of the following property, unless the property is property to which this insurance applies and the abrupt falling down or caving in of such property is itself caused by an "abrupt collapse" of a building or any portion of a building to which this insurance applies:
 - (i) Communication towers, antennas, satellite dishes, guy wires, lead-in wiring and masts;
 - (ii) Awnings, canopies, gutters, downspouts, fences or yard fixtures;
 - (iii) Outdoor swimming pools, or beach or diving platforms or appurtenances;
 - (iv) Retaining walls, bulkheads, pilings, piers, wharves or docks;
 - (v) Underground pipes, flues or drains; or
 - (vi) Walkways, roadways and other paved surfaces.

2. "Dependent Property" means property operated by others that the Insured depends on to:

- a. Supply materials or services to the Insured, or to others for the account of the Insured (Contributing Locations). With respect to Contributing Locations, services do not mean utility

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services including, but not limited to, water supply services, communication supply services (including services relating to internet access or access to any electronic, cellular or satellite network), or power supply services supplying electricity, steam or gas;

- b. Accept the Insured's products or services (Recipient Locations);
 - c. Manufacture products for delivery to the Insured's customers under contract of sale (Manufacturing Locations); or
 - d. Attract customers to the Insured's business (Leader Locations).
3. **"Electronic Data Processing Data and Media"** means:
- a. Data stored on, created or used on, or transmitted to or from computer software (including systems and applications software) on electronic recording or storage media such as hard or floppy disks, CDs, DVDs, flash memory, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment;
 - b. The electronic media on which the data is stored; and
 - c. Programming records and instructions.
4. **"Electronic Data Processing Equipment"** means electronic data processing equipment, facsimile machines, word processors, multi-functional telephone equipment, laptop and portable computers; related surge protection devices; and their component parts and peripherals used solely for data processing operations.
5. **"Electronic Vandalism"** means:
- a. Willful or malicious destruction of computer programs, content, instructions or other electronic or digital data stored within computer systems; and
 - b. Unauthorized computer code or programming that:
 - (1) Deletes, distorts, corrupts or manipulates computer programs, content, instructions or other electronic or digital data, or otherwise results in damage to computers or computer systems or networks to which it is introduced;
 - (2) Replicates itself, impairing the performance of computers or computer systems or networks; or
 - (3) Gains remote control access to data and programming within computers or computer systems or networks to which it is introduced, for uses other than those intended for authorized users of the computers or computer systems or networks.
6. **"Exhibition"** means the temporary display of personal property at a convention, exposition, trade show or similar event at a location not owned or regularly occupied by the Insured.
7. **"Fine Arts"** means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac and similar property of rarity, historical value or artistic merit.
8. **"Finished Stock"** means goods manufactured by the Insured that in the ordinary course of the Insured's business are in their completed state and ready for sale.
- "Finished Stock" does not include goods manufactured by the Insured that are held for sale on the premises of any retail outlet insured under this Coverage Form.
9. **"Fungus"** means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or byproducts produced or released by fungi.
10. **"Local Admitted Insurance"** means insurance issued by a governmental entity or an insurer licensed or permitted by law to do business in the country or jurisdiction where the Covered Property is located.
11. **"Named Windstorm"** means a "Windstorm" that has been declared and named a tropical storm or Hurricane by the National Hurricane Center or Central Pacific Hurricane Center of the National

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Weather Service. A "Named Windstorm" includes any tornado or other wind event, including a post tropical cyclone, that is caused by or results from the "Named Windstorm".

12. "Operations" means:

- a. The Insured's business activities occurring at the Insured's premises even if such activities would not have produced income during the "period of restoration", such as research and development activities; and
- b. The tenantability of the Insured's premises when coverage for Rental Value applies.

13. "Ordinary Payroll Expenses" means payroll expenses for all employees of the Insured except officers, executives, department managers or employees for whom payroll expenses are required to be paid under a direct employment contract with the Insured and except any additional exemptions for which coverage is added by endorsement for specific job classifications or employees.

"Ordinary payroll expenses" include:

- a. Payroll;
- b. Employee benefits, if directly related to payroll;
- c. FICA and Medicare payments;
- d. Union dues; and
- e. Worker's compensation premiums.

14. "Outdoor Property" means retaining walls not part of a building, lawns (including fairways, greens and tees), trees, shrubs, plants, artificial turf (including underlayment), bridges (excluding vehicular bridges), walks, roadways, patios or other paved surfaces.

15. "Period of Restoration"

- a. Except as provided in paragraphs b. and c. below, "period of restoration" means the period of time that:
 - (1) Begins with the date and time of direct physical loss or damage to property at the Insured's premises caused by or resulting from a Covered Cause of Loss; and
 - (2) Ends on the earlier of the following:
 - (a) The date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (b) The date when business is resumed at a new permanent location.
 - b. If:
 - (1) The direct physical loss or damage by a Covered Cause of Loss is to any of the following property at premises to which this insurance applies:
 - (a) New buildings or structures, whether complete or under construction;
 - (b) Alterations or additions to existing buildings or structures; or
 - (c) Machinery, equipment supplies or building materials on or within 1,000 feet of the premises that are used in the construction, alterations or additions, or incidental to the occupancy of the buildings;
 - and
 - (2) Such direct physical loss or damage delays the start of "operations";
- the "period of restoration" for Business Income or Rental Value will be the same length of time provided in a. above, but will not begin until the date when "operations" would have begun if the direct physical loss or damage had not occurred. This change in the start of the "period of restoration" does not apply to Extra Expense.

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- c. When a number of hours is shown in the deductible item in the Supplemental Coverage Declarations for Business Income or Rental Value, the "period of restoration" will not begin until that number of hours immediately following the date and time the "period of restoration" would otherwise have begun, as described in a. and b. above. This deductible does not apply to Extra Expense.
 - d. "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
 - (1) Regulates the construction, use, repair or replacement, or requires the tearing down of any property, except as provided under the Ordinance or Law – Increased "Period of Restoration" Coverage Extension in the Business Income and/or Rental Value Coverage Form Including Extra Expense, the Business Income and/or Rental Value Coverage Form Excluding Extra Expense and the Extra Expense Coverage Form; or
 - (2) Requires any Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess, the effects of "pollutants".
 - e. The expiration date of this policy will not cut short the "period of restoration".
- 16. "Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthy or hazardous building materials (including, but not limited to, asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.
- 17. "Raw Stock"** means material in the state in which the Insured receives it for conversion by the Insured into "stock in process" or "finished stock".
- 18. "Sinkhole Collapse"** means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite.
- This cause of loss does not include:
- a. The cost of filling sinkholes; or
 - b. Sinking or collapse of land into man-made underground cavities.
- 19. "Specified Cause of Loss"** means any of the following: Fire; lightning; explosion; "windstorm"; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; "volcanic action"; falling objects as limited below; weight of snow, ice or sleet; or "water damage", all only as otherwise insured against in this policy.
- Falling objects does not include loss or damage to:
- a. Personal property in the open; or
 - b. The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object. Any portion of a building or structure that is within the exterior-facing surface material of a building or structure shall constitute the interior of that building or structure.
- 20. "Stock"** means merchandise held in storage or for sale, "raw stock", "stock in process" or "finished stock" including supplies used in their packing or shipping.
- 21. "Stock in Process"** means "raw stock" which has undergone any aging, seasoning, mechanical or other process of manufacturing but which has not become "finished stock".
- 22. "Suspension"** means:
- a. The partial or complete cessation of the Insured's business "operations"; or
 - b. That a part or all of the Insured's premises is rendered untenable, if coverage for Rental Value is provided.

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23. "Territorial Waters" means that portion of the sea which is immediately adjacent to the shores of any country and over which sovereignty and exclusive jurisdiction of that country extends, but not exceeding 12 nautical miles from the mean low-water mark of the shore of that country.

24. "Vacant" means the following:

- a. When the Insured is the owner or general lessee of a building, "vacant" means 70% or more of the square footage of the entire building is not:
 - (1) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; or
 - (2) Used by the building owner to conduct customary operations.
- b. With respect to a unit or suite that is owned, rented or leased to the Insured, and not within a building to which a. above applies, "vacant" means the unit or suite does not contain enough Business Personal Property to conduct customary operations.

Buildings under construction or renovation are not considered "vacant".

25. "Volcanic Action" means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- a. Airborne volcanic blast or airborne shock waves;
- b. Ash, dust or particulate matter; or
- c. Lava flow.

"Volcanic action" does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the Covered Property.

All "volcanic action" that results from all volcanic eruptions or explosions that occur within any 168 consecutive hour period will constitute a single occurrence.

26. "Water Damage" means:

- a. Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.
- b. Accidental discharge or leakage of water as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the Insured premises, if the breakage or cracking is caused by wear and tear. This provision serves as an exception to the exclusion of wear and tear under Exclusion D.2.c.(1) in the Property Coverage Form. But "water damage" does not include loss or damage otherwise excluded under the terms of the Flood Exclusion D.1.b. in the Property Coverage Form.

27. "Windstorm" means a storm with wind or wind gusts, with or without, and regardless of the amount of, precipitation.

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REPLACEMENT COST

This endorsement modifies the Property Coverage Form.

The following valuation provisions are added:

A. REPLACEMENT COST

In the event of covered loss or damage, the Company will determine the value of Covered Property at replacement cost as of the time and place of loss, without deduction for depreciation, except as otherwise provided in this endorsement or as stipulated by any other endorsement(s) attached to this policy. This replacement cost valuation is subject to the following conditions:

1. The Company will not pay more on a replacement cost basis than the least of:
 - a. The cost to replace, at the same site, the lost or damaged property, with other property of comparable material and quality; or
 - b. The actual amount incurred by the Insured that is necessary to repair or replace the lost or damaged property; or
 - c. The Limit of Insurance applicable to the lost or damaged property.

If a building is rebuilt at a different site, the cost described in a. above is limited to the cost which would have been incurred had the building been built at the original site.
2. The Company will not pay for any loss or damage on a replacement cost basis until the property is repaired or replaced, and then only if such repair or replacement is made as soon as reasonably possible after the loss or damage. If the property is not repaired or replaced as soon as reasonably possible after the loss or damage, the value of the property will be determined on an actual cash value basis. This restriction does not apply to losses less than \$25,000.
3. For property to which this replacement cost valuation applies, the Insured may make a claim for loss or damage on an actual cash value basis instead of on a replacement cost basis. In the event the Insured elects to have loss or damage settled on an actual cash value basis, the Insured may still make a claim on a replacement cost basis if the Insured notifies the Company within 180 days after the loss or damage.
4. The cost to repair or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property:
 - a. Except as provided in the valuation for building glass in Section B.13. below; or
 - b. Unless a Limit of Insurance is specified for Ordinance or Law in the Supplemental Coverage Declarations, and then only to the extent provided under that coverage.
5. In the event the Insured decides to repair or replace damaged or destroyed property, payment will include any reasonable and necessary architectural, engineering, consulting or supervisory fees related to the construction, repair or replacement of the damaged or destroyed property. This will not increase the applicable Limits of Insurance.

B. REPLACEMENT COST EXCEPTIONS

1. Valuable papers and records and "electronic data processing data and media" will be valued as follows:
 - a. At the specified amount per article for those articles which are specifically declared, described and valued in a schedule forming a part of this policy; or
 - b. Except as provided in a. above, at the cost of blank materials or media of comparable kind, plus:
 - (1) The cost incurred by the Insured to research, replace or restore the lost information on lost, damaged or destroyed valuable papers and records or "electronic data processing data and media" for which duplicates do not exist; or

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- (2) The cost of labor incurred by the Insured to transcribe or copy data onto blank materials or media when duplicates of the papers, records or data exist.
- 2. If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss and the Company takes all or part of the property at an agreed or appraised value, the Company will also pay:
 - a. Reasonable expenses incurred by the Insured to:
 - (1) Stamp the word "Salvage" on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
 - (2) Remove the brands or labels, if doing so will not physically damage the merchandise. The Insured must re-label the merchandise or its containers to comply with the law.
 - b. Any reduction in the salvage value of the damaged merchandise with the brands or labels removed.

But this will not increase the Limit(s) of Insurance applicable to the lost or damaged property.

- 3. "Electronic data processing equipment" will be valued on a replacement cost basis as provided in Section A. above. However, if replacement of "electronic data processing equipment" with comparable property is impossible, the replacement cost will be the cost of items that are similar to the damaged or destroyed equipment and intended to perform the same function, but which may include technological advances.

In no event will the value of "electronic data processing equipment" that is obsolete or no longer used by the Insured exceed the actual cash value of such equipment at the time and place of loss.

- 4. "Fine Arts" will be valued at the least of:
 - a. The cost of reasonably restoring that property; or
 - b. The cost of replacing that property, at the time and place of loss, with substantially the same property; or
 - c. The market value of the property at the time and place of loss or, if the article of property is specifically declared, described and valued in a schedule forming a part of this policy, the amount per article specified in the Schedule.
- 5. "Finished stock" will be valued at the selling price if no loss or damage occurred, less discounts and expenses the Insured otherwise would have had.
- 6. Pairs, Sets, or Parts
 - a. In case of loss to any part of a pair or set, the Company may, at its option:
 - (1) Repair or replace any part to restore the pair or set to its value before the loss; or
 - (2) Pay the difference between the value of the pair or set before and after the loss.
 - b. In case of loss to any part of Covered Property consisting of several parts when complete, the Company will only pay for the value of the lost or damaged part.
- 7. Patterns, dies, molds, and forms not in current usage will be valued at actual cash value. If loss is paid on an actual cash value basis, and within 24 months from the date of the loss the Insured needs to repair or replace one or more of the items, the Company will pay the Insured, subject to the conditions of this insurance, the difference between actual cash value and replacement cost for those patterns, molds and dies which are actually repaired or replaced.
- 8. Business Personal Property sold by the Insured but not delivered will be valued at the selling price less discounts and expenses the Insured otherwise would have had.
- 9. Business Personal Property of Others will be valued at the lesser of:
 - a. The valuation that would apply to such property if it was owned by the Insured; or

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- b. The amount for which the Insured is liable, not to exceed the replacement cost.
- 10. "Stock in process" will be valued at the cost of "raw stock", labor expended, plus the proper proportion of overhead charges.
- 11. Tenant's Improvements and Betterments will be valued at:
 - a. Replacement cost of the damaged or destroyed property (subject to the provisions of Section A. above) if the insured tenant promptly repairs or replaces the damaged or destroyed property.
 - b. A proportion of the insured tenant's original cost if the insured tenant does not promptly repair or replace the damaged or destroyed property. The Company will determine the proportionate value as follows:
 - (1) Multiply the original cost by the number of days from the date of loss or damage to the expiration of the lease; and
 - (2) Divide the amount determined in (1) above by the number of days from the date of installation of improvements to the expiration of the lease.If the insured tenant's lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - c. If the damaged or destroyed property is repaired or replaced at the expense of others, there will be no liability hereunder.
- 12. "Vacant" property will be valued at actual cash value as of the time and place of loss.
- 13. Building glass will be valued at the cost of replacement with safety glazing material if required by law. The Ordinance or Law exclusion in Section D.1.h. of the Property Coverage Form does not apply to this building glass valuation.

ERRORS AND OMISSIONS

This endorsement modifies the Policy Conditions, Additional Provisions and Definitions Form.

General Condition 23., Unintentional Errors in Description, is replaced with the following:

23. Errors and Omissions

The insurance provided by this policy is extended to apply with respect to loss or damage to property at locations within the Policy Territory that are owned, leased or operated by the Insured, if such loss or damage is not payable under this policy solely due to:

- a. Any error or unintentional omission in the description of the address of the property, whether made at the inception of the policy period or at the time of any subsequent endorsement(s) to the policy; or
- b. Failure through any error or unintentional omission to:
 - (1) Include any location of the Insured at the inception of the policy; or
 - (2) Report any newly acquired location before the period of automatic coverage provided under this policy for the newly acquired location expires.

This extension does not apply to loss or damage at a reported location that is not payable under this policy due to the failure to add coverage for any type of property or other exposure at that reported location.

The most the Company will pay for loss or damage under this extension is the Limit of Insurance specified for Errors and Omissions shown in the Supplemental Coverage Declarations. But in no event will the Company pay more for loss or damage than the amount the Company would have paid had no error or unintentional omission occurred or had the period of automatic coverage for the newly acquired location not expired.

Upon discovery of the error or unintentional omission, the Insured will report the correct information to the Company. An additional premium may be charged based upon the corrected information.

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EXTRA EXPENSE DEDUCTIBLE

This endorsement modifies the Policy Conditions, Additional Provisions and Definitions Form.

Under General Condition A.1., Application of Deductibles, the last sentence of provision g., which states that no deductible applies to Extra Expense, does not apply. The Extra Expense coverage provided under this policy is subject to the applicable deductibles indicated in the Supplemental Coverage Declarations or in the forms or endorsements attached to this policy.

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HIGH HAZARD WIND AREAS – U.S.A.

The following listing of high hazard wind areas, consisting of high hazard counties (parishes in Louisiana) and specific cities by State (indicated by an *), and high hazard areas of U.S.A. territories and possessions, is provided to determine applicable Coverage, Limit(s) of Insurance and Deductible(s) referred to in the Supplemental Coverage Declarations for High Hazard Wind Areas within the United States of America (including its territories and possessions).

STATE	HIGH HAZARD WIND COUNTIES AND SPECIFIC CITIES		
Alabama	Baldwin	Mobile	
Delaware	Kent	Sussex	
Florida	All Counties		
Georgia	Brantley	Chatham	Long
	Bryan	Effingham	McIntosh
	Camden	Glynn	Wayne
	Charlton	Liberty	
Hawaii	All Counties		
Louisiana	Acadia	Jefferson	St. John the Baptist
	Allen	Jefferson Davis	St. Landry
	Ascension	Lafayette	St. Martin
	Assumption	Lafourche	St. Mary
	Beauregard	Livingston	St. Tammany
	Calcasieu	Orleans	Tangipahoa
	Cameron	Plaquemines	Terrebonne
	East Baton Rouge	Pointe Coupee	Vermillion
	East Feliciana	St. Bernard	Washington
	Evangeline	St. Charles	West Baton Rouge
	Iberia	St. Helena	West Feliciana
	Iberville	St. James	
Maryland	Calvert	St. Mary's	Wicomico
	Dorchester	Somerset	Worcester
Massachusetts	Barnstable	Dukes	Plymouth
	Bristol	Nantucket	
Mississippi	George	Harrison	Pearl River
	Hancock	Jackson	Stone
New Jersey	Atlantic	Cape May	Monmouth
	Burlington	Cumberland	Ocean
New York	Nassau	Suffolk	

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STATE	HIGH HAZARD WIND COUNTIES AND SPECIFIC CITIES		
North Carolina	Beaufort	Dare	Onslow
	Bertie	Duplin	Pamlico
	Bladen	Gates	Pasquotank
	Brunswick	Greene	Pender
	Camden	Hertford	Perquimans
	Carteret	Hyde	Pitt
	Chowan	Jones	Sampson
	Columbus	Lenoir	Tyrrell
	Craven	Martin	Washington
	Currituck	New Hanover	
Rhode Island	Bristol	Newport	Washington
South Carolina	Beaufort	Dorchester	Horry
	Berkeley	Florence	Jasper
	Charleston	Georgetown	Marion
	Colleton	Hampton	Williamsburg
Texas	Aransas	Hardin	Live Oak
	Bee	Harris	Matagorda
	Brazoria	Hidalgo	Newton
	Brooks	Jackson	Nueces
	Calhoun	Jasper	Orange
	Cameron	Jefferson	Refugio
	Chambers	Jim Wells	San Patricio
	Fort Bend	Kenedy	Victoria
	Galveston	Kleberg	Wharton
	Goliad	Liberty	Willacy
Virginia	Accomack	Little Creek City *	Poquoson City *
	Chesapeake City *	Matthews	Portsmouth City *
	Gloucester	Middlesex	Suffolk City *
	Hampton City *	Newport News City *	Virginia Beach City *
	Isle of Wight	Norfolk City *	York
	Lancaster	Northampton	
	Langley Field City *	Northumberland	

U.S.A. TERRITORY	HIGH HAZARD WIND AREA
American Samoa	Entire Territory
Guam	Entire Territory
Northern Marianas	Entire Territory

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U.S.A. TERRITORY	HIGH HAZARD WIND AREA
Puerto Rico	Entire Territory
U.S. Virgin Islands	Entire Territory
All other U.S.A. territories and possessions	Entire Territory

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HIGH AND MODERATE HAZARD EARTHQUAKE, VOLCANIC ERUPTION, LANDSLIDE AND MINE SUBSIDENCE AREAS – U.S.A.

The following listing of high hazard and moderate hazard Earthquake, Volcanic Eruption, Landslide and Mine Subsidence areas, consisting of high hazard and moderate hazard counties (and independent cities as indicated by an *) by State, and high hazard areas of U.S.A. territories and possessions, is provided to determine applicable Coverage, Limit(s) of Insurance and Deductible(s) referred to in the Supplemental Coverage Declarations for Earthquake, Volcanic Eruption, Landslide and Mine Subsidence occurring in High and Moderate Hazard Areas in the United States of America (including its territories and possessions).

STATE	HIGH HAZARD COUNTIES	MODERATE HAZARD COUNTIES		
Arizona		Yuma		
Arkansas	Clay	Arkansas	Izard	Prairie
	Mississippi	Craighead	Jackson	Randolph
		Crittenden	Lawrence	Sharp
		Cross	Lee	St. Francis
		Cleburne	Lonoke	Stone
		Fulton	Monroe	White
		Greene	Phillips	Woodruff
		Independence	Poinsett	
Idaho		Bear Lake	Fremont	Teton
Illinois	Pulaski	Alexander	Jackson	Randolph
		Bond	Jasper	Richland
		Clay	Jefferson	St. Clair
		Clinton	Johnson	Saline
		Crawford	Lawrence	Shelby
		Cumberland	Macoupin	Union
		Edwards	Madison	Wabash
		Effingham	Marion	Washington
		Fayette	Massac	Wayne
		Franklin	Monroe	White
		Gallatin	Montgomery	Williamson
		Hamilton	Perry	
		Hardin	Pope	
Indiana		Adams	Pike	Sullivan
		Gibson	Posey	Vanderburgh
		Jay	Randolph	Warrick
		Knox	Spencer	
Kentucky	Fulton	Ballard	Hancock	Muhlenberg
	Hickman	Caldwell	Henderson	Ohio
		Calloway	Hopkins	Todd
		Carlisle	Livingston	Trigg
		Christian	Lyon	Union
		Crittenden	Marshall	Webster
		Daviess	McCracken	
		Graves	McLean	

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STATE	HIGH HAZARD COUNTIES	MODERATE HAZARD COUNTIES		
Mississippi		Alcorn	Marshall	Tate
		Bolivar	Panola	Tippah
		Coahoma	Quitman	Tunica
		DeSoto	Pontotoc	Union
		Lafayette	Tallahatchie	
Missouri	Dunklin	Bollinger	Jefferson	St. Francois
	Mississippi	Butler	Perry	St. Louis
	New Madrid	Cape Girardeau	Madison	St. Louis City*
	Pemiscot	Carter	Oregon	Ste. Genevieve
		Crawford	Reynolds	Stoddard
		Dent	Ripley	Texas
		Franklin	Scott	Washington
		Howell	Shannon	Wayne
		Iron	St. Charles	
Montana		Flathead	Lake	
		Gallatin	Madison	
Nevada		Carson City*	Lyon	Storey
		Douglas	Mineral	Washoe
		Esmeralda	Nye	
Ohio		Allen	Hardin	Paulding
		Auglaize	Henry	Preble
		Champaign	Logan	Putnam
		Clark	Madison	Shelby
		Darke	Mercer	Union
		Greene	Miami	Van Wert
		Hancock	Montgomery	Wyandot
Oregon		Coos	Klamath	Multnomah
		Curry	Marion	Washington
South Carolina		Beaufort	Charleston	Dorchester
		Berkeley	Colleton	Georgetown
Tennessee	Dyer	Carroll	Hardin	McNairy
	Lake	Chester	Haywood	Montgomery
	Lauderdale	Crockett	Henderson	Shelby
	Obion	Fayette	Henry	Stewart
	Tipton	Gibson	Houston	Weakley
		Hardeman	Madison	

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STATE	HIGH HAZARD COUNTIES	MODERATE HAZARD COUNTIES		
Utah		Box Elder	Davis	Utah
		Cache	Salt Lake	Weber
Washington		Clallam	King	Pierce
		Clark	Kitsap	San Juan
		Cowlitz	Kittitas	Skagit
		Grays Harbor	Lewis	Snohomish
		Island	Mason	Thurston
		Jefferson	Pacific	Whatcom
Wyoming		Lincoln	Teton	

U.S.A. TERRITORY/POSSESSION	HIGH HAZARD AREA
American Samoa	Entire Territory/Possession
Guam	Entire Territory/Possession
Northern Mariana Islands	Entire Territory/Possession
U.S. Virgin Islands	Entire Territory/Possession
All other U.S.A. territories and possessions, other than Puerto Rico	Entire Territory/Possession

MS C8 72 10 18

INDIANA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under this policy.

The **POLICY CONDITIONS, ADDITIONAL PROVISIONS AND DEFINITIONS FORM** is amended as follows:

- A. Section A. **GENERAL CONDITIONS**, Paragraph 4. **Cancellation and Nonrenewal**, Item a.(2) is replaced by the following:

(2) (a) Cancellation Of Policies In Effect For 90 Days Or Less

If this policy has been in effect for 90 days or less, the Company may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (i) 10 days before the effective date of cancellation if the Company cancels for nonpayment of premium;
- (ii) 20 days before the effective date of cancellation if the Insured has perpetrated a fraud or material misrepresentation on the Company; or
- (iii) 60 days before the effective date of cancellation if the Company cancels for any other reason.

(b) Cancellation Of Policies In Effect For More Than 90 Days

If this policy has been in effect for more than 90 days, or is a renewal of a policy the Company issued, the Company may cancel this policy, only for one or more of the reasons listed below, by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (i) 10 days before the effective date of cancellation if the Company cancels for nonpayment of premium;
- (ii) 20 days before the effective date of cancellation if the Insured has perpetrated a fraud or material misrepresentation on the Company; or
- (iii) 60 days before the effective date of cancellation; if:
 - (A) There has been a substantial change in the scale of risk covered by this policy;
 - (B) Reinsurance of the risk associated with this policy has been cancelled; or
 - (C) The Insured has failed to comply with reasonable safety recommendations.

- B. Section A. **GENERAL CONDITIONS**, Paragraph 4. **Cancellation and Nonrenewal**, Item b. is replaced by the following:

b. Nonrenewal

- (1) If the Company elects not to renew this policy, the Company will mail or deliver to the first Named Insured written notice of nonrenewal at least 60 days before:
 - (a) The expiration date of this policy, if the policy is written for a term of one year or less; or
 - (b) The anniversary date of this policy, if the policy is written for a term or more than one year.
- (2) The Company will mail or deliver notice of nonrenewal to the first Named Insured's last mailing address known to the Company. If notice is mailed, proof of mailing will be sufficient proof of notice.

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INDIANA CHANGES

This endorsement modifies insurance provided under this policy with respect to all locations in and coverages provided for locations in the state of Indiana.

A. CHANGES TO THE POLICY CONDITIONS, ADDITIONAL PROVISIONS AND DEFINITIONS FORM

1. Section A. **GENERAL CONDITIONS**, Paragraph 21. **Subrogation and Subrogation Waiver**, Item b., Subrogation – All Other Coverages is replaced with the following:
 - b. If any person or organization to or for whom the Company makes payment under this policy has rights to recover damages from another; those rights are transferred to the Company to the extent of such payment. The Company's right to recover damages from another may be enforced even if the person or organization to or for whom the Company makes payment has not been fully compensated for damages.

The person or organization to or for whom the Company makes payment must do everything necessary to secure the Company's rights and must do nothing after the loss to impair them. But, the Insured may waive its rights against another party in writing:

 - (1) Prior to a loss to the Insured's Covered Property or Covered Income.
 - (2) After a loss to the Insured's Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - (a) Someone insured by this insurance;
 - (b) A business firm owned or controlled by the Insured or that owns or controls the Insured; or
 - (c) The Insured's tenant.

Such waiver will not invalidate or restrict this insurance.

2. Section A. **GENERAL CONDITIONS**, Paragraph 6. **Concealment, Misrepresentation or Fraud** is replaced with the following:
 6. **Concealment, Misrepresentation or Fraud**
 - a. The Company will not pay for any loss or damage in any case of:
 - (i) Concealment or misrepresentation of a material fact; or
 - (ii) Fraud
 committed by an Insured at any time and relating to a claim under this policy.
 - b. However, this does not apply when a claim is made by an "innocent coinsured", provided:
 - (i) The property loss or damage occurs to the primary residence of the "innocent coinsured" as covered under the Building Coverage.
 - (ii) The "final settlement" for the property loss or damage is at least 60% of available insurance proceeds under the policy.
 - c. The following is added and supersedes any provision to the contrary:
 - d. Any payment made will be for:
 - (i) The actual cost of repair or replacement of the property that is the subject of the claim if the actual cost or repair or replacement is less than or equal to the maximum limit of coverage under the policy; or

MS C8 73 10 18

- (ii) The maximum limit of coverage under the policy if the actual cost of repair or replacement of the property that is the subject of the claim is greater than the maximum limit of coverage under the policy.
- e. Any payment made is limited to the following:
 - (i) An "innocent coinsured's" ownership interest in the property, less any payments the Company makes to a mortgagee or other lienholder with a secured interest in the property.
 - (ii) The Company will not pay another coinsured for any part of the claim for which the Company has already paid to an "innocent coinsured".
 - (iii) The Company will not pay an amount that is greater than the amount an "innocent coinsured" is entitled to under a decree of dissolution of marriage between the "innocent coinsured" and an individual described in Paragraphs 5.a.(i) or b. of this endorsement.
- f. As used herein, "innocent coinsured" is an Insured who:
 - (i) Did not have knowledge of, cooperate in, or intentionally contribute to a property loss or damage that was caused or arranged by another individual who:
Is an Insured and:
 - (A) Died in connection with the circumstances that caused the property loss or damage; or
 - (B) Has been charged with a crime based on a court filing that there is probable cause to believe that the individual committed the crime in connection with the circumstances that caused the property loss or damage;
 - (ii) Signs a sworn affidavit attesting that they did not have the knowledge of, cooperate in, or intentionally contribute to the property loss or damage; and
 - (iii) Cooperates in the investigation and resolution of the claim for the property loss or damage, any police investigation related to the property loss or damage, and any criminal prosecution of the individual that caused or arranged the property loss or damage.
- g. As used herein, "final settlement" is a determination:
 - (i) Of the amount owed by the Company to an "innocent coinsured" under Building Coverage and for property loss or damage to the "innocent coinsured's" primary residence; and
 - (ii) Made by:
 - (A) Acceptance of a proof of loss by the Company;
 - (B) Execution of a release by the "innocent coinsured",
 - (C) Acceptance of an arbitration award by the "innocent coinsured" and the Company; or
 - (D) Judgment of a court of competent jurisdiction.

However, final settlement does not apply to loss or damage related to contents, personal property, or another loss that is not covered under the Building Coverage under this policy.

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B. CHANGES TO THE LEGAL LIABILITY ENDORSEMENTS

The following provisions are added if any Legal Liability endorsements are attached to this policy:

1. Paragraph 8.a.(5) General Condition 21., Subrogation and Subrogation Waiver, is replaced by the following:

21. Subrogation

If the Insured has rights to recover all or part of any payment the Company has made under this insurance, those rights are transferred to the Company. The Company's right to recover damages may be enforced even if the Insured has not been fully compensated for damages. The Insured must do nothing after loss to impair the Company's rights to recover all or part of any payment the Company has made under this endorsement. At the Company's request, the Insured will bring Suit or transfer those rights to the Company and help the Company enforce them.

2. The following condition is added under 8.c., The following additional conditions apply:

Notice of Loss and Duties in the Event of Accident, Claim or Suit:

Notice given on behalf of the Insured to any authorized agent of the Company in Indiana, with particulars sufficient to identify the Insured, shall be considered notice to the Company.

C. CHANGE TO THE PROPERTY COVERAGE FORM

Any exclusion, limitation or other provisions relating to "pollutants", or any amendment to or replacement of such exclusion, limitation or other provisions, applies whether or not the irritant or contaminant has any function in the Insured's business, operations, premises, site or location.

PN T1 89 10 15

NOTICE TO POLICY HOLDERS

**JURISDICTIONAL INSPECTIONS OF EQUIPMENT IN THE
UNITED STATES OF AMERICA
(INCLUDING ITS TERRITORIES AND POSSESSIONS)**

Dear Policyholder,

Many states and some cities issue certificates permitting the continued operation of certain equipment such as boilers, water heaters, pressure vessels, etc. Periodic inspections are normally required to renew these certificates. In most jurisdictions, insurance company employees who have been licensed by the jurisdictions are authorized to perform these inspections.

If:

- You own or operate equipment that requires a certificate from a state or city within the United States of America (including its territories and possessions) to operate legally, and
- We insure that equipment under this Policy, and
- You would like us to perform the next required inspection;

Then:

Call this toll-free number – **1-800-425-4119**

When you call this number, our representative will ask you for the following information:

- Name of your business (as shown on this Policy)
- Policy Number
- Location where the equipment is located, including Zip Code
- Person to contact and phone number for scheduling of inspection
- Type of equipment requiring inspection
- Certificate inspection date and certificate number

Or:

Fill in the information on the following form and fax it to the toll free number indicated on that form.

Please note the following:

- Your jurisdiction may charge you a fee for renewing a certificate. It is your responsibility to pay such a fee.
- All the provisions of the INSPECTIONS AND SURVEYS Condition apply to the inspections described in this notice.

REMINDER

If new equipment is installed or old equipment replaced that requires a jurisdictional inspection please let us know by calling our toll free number listed above.

PN T1 89 10 15

REQUEST FOR JURISDICTIONAL INSPECTION OF EQUIPMENT IN THE UNITED STATES OF AMERICA (INCLUDING ITS TERRITORIES AND POSSESSIONS)

Name of Business (as shown on policy): _____

Policy Number: _____

Location of Equipment:

City

State

Zip Code

Inspection Contact Name for ALL locations: _____

Phone: _____

Equipment Type	Certificate Number	Certificate Expiration Date

Fax Form to 1 877-764-9535

Completed by: _____ Phone Number: _____

PN T4 54 01 08

IMPORTANT NOTICE REGARDING INDEPENDENT AGENT AND BROKER COMPENSATION

For information about how Travelers compensates independent agents and brokers, please visit www.Travelers.com, or you may request a written copy from Marketing at One Tower Square, 2GSA, Hartford, Connecticut 06183.

Toll Free Telephone Number: 1-866-904-8348

TR IA 01 01 15

FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE

This endorsement provides supplementary information regarding the insurance provided under this policy.

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA") establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). "Act Of Terrorism" is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The Federal Government's share of compensation for such Insured Losses is established by TRIA and is a percentage of the amount of such Insured Losses in excess of each Insurer's "Insurer Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA). Through 2020, that percentage is established by TRIA as follows:

85% with respect to such Insured Losses occurring in calendar year 2015.

84% with respect to such Insured Losses occurring in calendar year 2016.

83% with respect to such Insured Losses occurring in calendar year 2017.

82% with respect to such Insured Losses occurring in calendar year 2018.

81% with respect to such Insured Losses occurring in calendar year 2019.

80% with respect to such Insured Losses occurring in calendar year 2020.

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds \$100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed \$100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

The charge for such Insured Losses is included in the total premium for this policy. The charge that has been included for such Insured Losses under this policy is the amount indicated below, and does not include any charge for the portion of such Insured Losses covered by the Federal Government under the TRIA:

\$ 3,000

TR IA 04 01 15

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies the insurance provided under this policy.

The following is added to this policy. This provision can limit coverage for any loss arising out of a "certified act of terrorism" if such loss is otherwise covered by this policy.

If aggregate insured losses attributable to "certified acts of terrorism" exceed \$100 billion in a calendar year and the Company has met its insurer deductible under "TRIA", the Company will not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of "TRIA", to be an act of terrorism pursuant to "TRIA". The criteria contained in "TRIA" for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to "TRIA"; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"TRIA" means the federal Terrorism Risk Insurance Act of 2002 as amended.

EXHIBIT B



Clay Kennedy

General Adjuster
Travelers Property Major Case Unit
PO Box 430
Buffalo, NY 14240

Cell: (615) 580-1901
Fax: (877) 870-6257
E-Mail: ckenned4@travelers.com

The Travelers Indemnity Company

01/14/2021

Ivy Tech Community College
50 West Fall Creek Pkwy N
Indianapolis IN 46208
Attn: Laurie Kiser

Insured: Ivy Tech Community College of Indiana
Claim Number: FQL0462
Policy Number: KTKCMB-1D917688
Date of Loss: 11/24/2020
Loss Location: 345 S High St Muncie, IN 46208

Dear Ms. Kiser,

I am writing to follow up on our recent conversation about your claim. As we discussed, The Travelers Indemnity Company has determined that the Building damage portion of your claim is not covered under your policy.

On 11/24/20, you reported that your building at 345 S. High St., Muncie, IN 47305 - Fisher Building, sustained concussion and water damages associated with electrical explosion(s). Your policy requires that a Building value be shown in the most recent Statement of Values, or other documentation on file with the Company, for Building coverage to apply to that location. Since no Building value is listed for the loss location in your most recent Statement of Values, it was determined that Building coverage is not afforded at this location.

Please refer to page 1 of 19 of your MS C1 00 10 18 Property Coverage Form, which states:

PROPERTY COVERAGE FORM

* * *

A. COVERAGE

The Company will pay for direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss. Covered Causes of Loss means risks of direct physical loss unless the loss is excluded in Section D., Exclusions, limited in Section E., Limitations, or otherwise extended, excluded or limited in this Coverage Form, the Supplemental Coverage Declarations or by endorsement. The Company will also pay for Covered Costs and Expenses as described in Section B.2.

B. COVERED PROPERTY AND COVERED COSTS AND EXPENSES

Covered Property means the types of property, as described in this Section B.1. and limited in Section C., Property and Costs Not Covered, for which a Limit of Insurance is shown in the Supplemental Coverage Declarations.

1. COVERED PROPERTY

a. Buildings, meaning the buildings or other structures at the Insured's premises for which a Building value is shown in the most recent Statement of Values or other documentation on file with the Company, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Machinery and equipment permanently attached to the building;
- (4) Personal property owned by the Insured that is used to maintain or service the buildings, structures or grounds; and
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the buildings or structures; and
 - (b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the Insured's premises, used for making alterations or repairs to the buildings or structures.

Buildings do not include "Outdoor Property" except as provided in Section B.1.h.

In addition to the policy information stated above, we also reviewed the potential for coverage under your Errors and Omissions endorsement. However after review, we confirmed that this endorsement does not apply. This endorsement specifies that the extension does not apply to loss or damage at a reported location due to failure to add coverage. Please refer to page 1 of 1 of your MS C5 26 10 18 Errors and Omissions endorsement, which states:

ERRORS AND OMISSIONS

This endorsement modifies the Policy Conditions, Additional Provisions and Definitions Form.

General Condition 23., Unintentional Errors in Description, is replaced with the following:

23. Errors and Omissions

The insurance provided by this policy is extended to apply with respect to loss or damage to property at locations within the Policy Territory that are owned, leased or operated by the Insured, if such loss or damage is not payable under this policy solely due to:

- 1.** Any error or unintentional omission in the description of the address of the property, whether made at the inception of the policy period or at the time of any subsequent endorsement(s) to the policy; or
- 2.** Failure through any error or unintentional omission to:
 - a.** Include any location of the Insured at the inception of the policy; or
 - b.** Report any newly acquired location before the period of automatic coverage provided under this policy for the newly acquired location expires.

This extension does not apply to loss or damage at a reported location that is not payable under this policy due to the failure to add coverage for any type of property or other exposure at that reported location.

The most the Company will pay for loss or damage under this extension is the Limit of Insurance specified for Errors and Omissions shown in the Supplemental Coverage Declarations. But in no event will the Company pay more for loss or damage than the amount the Company would have paid had no error or unintentional omission occurred or had the period of automatic coverage for the newly acquired location not expired.

Upon discovery of the error or unintentional omission, the Insured will report the correct information to the Company. An additional premium may be charged based upon the corrected information.

This decision is based on the information and documentation we received during our research of this claim. If you are aware of any new or different information or documentation that might lead us to reconsider our decision, please contact me immediately.

Your policy may have other terms, conditions and exclusions that apply to this claim. We do not waive any rights, including our right to deny coverage, for any other valid reason under the policy or at law.

Please review the condition of your policy as it contains important information about the period of time in which you may bring legal action. If you have any questions, please contact me at (615)580-1901 or CKENNED4@travelers.com.

If you have any questions, please contact me immediately.

Sincerely,

Clay Kennedy
General Adjuster
Direct: (615)580-1901
Office: (615)580-1901
Fax: (877)870-6257
Email: ckenned4@travelers.com

Cc: Willis Towers Watson

EXHIBIT C



One American Square | Suite 2900 | Indianapolis, IN 46282-0200

February 10, 2021

NICHOLAS B. REUHS
DIRECT NUMBER: (317) 236-2160
E-MAIL: Nicholas.Reuhs@icemiller.com

Via E-mail

Mr. Clay Kennedy
Travelers Property Major Case Unit
P. O. Box 430
Buffalo, NY 14240
ckenned4@travelers.com

**Re: Insured: Ivy Tech Community College of Indiana (“Ivy Tech”)
 Insurer: The Travelers Indemnity Company (“Travelers”)
 Claim Number: FQL0462 (the “Claim”)
 Policy Number: KTKCMB-1D917688 (the “Policy”)
 Date of Loss: November 24, 2020
 Loss Location: 345 S. High Street, Muncie, IN 46208 (the “Fisher Building”)**

Dear Mr. Kennedy:

As you know, Ice Miller LLP is coverage counsel to Ivy Tech in connection with the above-referenced Claim. To that end, we are writing in response to your January 14, 2021 letter, wherein Travelers determined that “the Building damage portion” of the Claim is “not covered” under the Policy because “no Building value is listed for the loss location in [Ivy Tech’s] most recent Statement of Values[.]”

This coverage decision seems borne of confusion, which should be clarified by the explanation below. As such, we request that Travelers revise its coverage determination and agree to provide the full bargained-for coverage in connection with the Claim.

A. The Policy and Statement of Values

As your letter notes, under the Property Coverage Form of the Policy, Travelers agreed to pay for direct physical loss or damage to “Covered Property” caused by or resulting from a “Covered Cause of Loss.” In relevant part, the Policy defines “Covered Property” to mean “the buildings or other structures at the Insured’s premises for which a Building value is shown in the most recent Statement of Values or other documentation on file with the Company[.]” Thus, in order for a building to qualify for coverage under the Property Coverage Form, the value for the building must have been previously provided to Travelers – either in the most recent “Statement of Values” or through “other documentation” on file with Travelers.

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Notably, however, the Policy does not specify *how* the “Building value” must be shown in those documents. Rather, the Policy dictates only that a “Building value” must be “shown” in the documents. In this way, the Policy gives the insured discretion in deciding how to present a “Building value.” So long as a “Building value” is “shown” in the documents, the building qualifies as a “Covered Property.”

To that end, Ivy Tech owns or operates hundreds of buildings on its numerous campuses in Indiana. As a result, Ivy Tech uses Microsoft Excel spreadsheets to create the “Statement of Values” which Ivy Tech (and/or its broker) submits in connection with the Policy. The spreadsheets include a variety of information relating to Ivy Tech’s many buildings, including (but not limited to) building names, building types, building sizes, and building values. In some cases, the spreadsheet includes all of the information pertaining to a building (e.g., the building’s name, type, size, value, etc.) in the same row of the spreadsheet. In other cases, information pertaining to some buildings may be reflected in different rows. For instance, where two buildings served related purposes for Ivy Tech but are technically separate buildings, Ivy Tech might combine information pertaining to the related buildings on the “Statement of Values” spreadsheet. Ivy Tech has been implementing this approach with Travelers for years without issue.

B. The Fisher and Ball Buildings

In 2018, Ivy Tech and its contractors began implementing a construction project on Ivy Tech’s Muncie campus. Among other things, the project involved the renovation of the Fisher Building and the construction of the new George & Francis Ball Building (the “Ball Building”). Prior to that time, Ivy Tech had listed the Fisher Building on its “Statement of Values” spreadsheet, with a value at or around \$22 million. However, in light of its Muncie-campus construction project, Ivy Tech procured a Builder’s Risk policy in or around 2018 and moved the Fisher Building to the Builder’s Risk policy (and off of the property policy) for the renovation period. Travelers was aware of the Muncie-campus project and Ivy Tech’s procurement of a Builder’s Risk policy.

In or around December 2018, after it became clear that the renovations to the Fisher Building would generally be completed in 2019, Ivy Tech informed its broker that it intended to reoccupy the Fisher Building. We understand that Ivy Tech’s broker subsequently reiterated this intent to Travelers. Thus, by May 2019, the Fisher Building was added back to Ivy Tech’s “Statement of Values,” albeit with its pre-renovation value of \$22 million. As the Ball Building was not quite complete at the time (it would be finished in the coming months), that building was not included on the “Statement of Values.”

Just weeks later, Ivy Tech began preparing for the 2020-2021 renewal of the Policy. As part of that renewal, Ivy Tech needed to update the Fisher Building value and add the Ball Building to the Policy. As the Ball Building and the Fisher Building were part of the same project, and due to the close proximity and relationship between the buildings, Ivy Tech (and/or its broker) listed the values for the two buildings together on the 2020-21 “Statement of Values” submitted for the 2020-2021 Policy. Thus, the “Statement of Values” provided in connection with that Policy shows a combined “Building Value” for the two buildings of \$46,936,696 (approximately \$15 million for the Ball Building and the balance for the Fisher Building).

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C. The Policy Provides Building Coverage for the Claim

While listing the “Building value” for the Fisher Building together with the “Building value” for the Ball Building has caused some confusion in connection with this Claim, there is no doubt that the “Building value” for the Fisher Building is shown in the “Statement of Values” submitted in connection with the 2020-2021 Policy. And, as noted above, all the Policy requires for a building to be covered is that its “value is shown in the most recent Statement of Values” The Policy does not require an insured to designate that “Building value” in any particular manner – by specific address, name, or other identifier. Indeed, there are no requirements regarding how the “Statement of Values” must be formatted or how values within the “Statement of Values” must be shown. In other words, the Policy granted Ivy Tech discretion to show the “Building value” for the Fisher Building on the “Statement of Values” as it saw fit. Moreover, the Policy also provides coverage where a “Building value” is shown in “other documentation” on file with Travelers. At a minimum, the “other documentation” on file with Travelers shows a “Building value” for the Fisher Building.¹

Providing coverage for the Claim is also consistent with the nature of the parties’ agreement. Travelers knew that Ivy Tech wanted building coverage for the Fisher Building, and the premium which Travelers charged Ivy Tech accounted for the “Building value” associated with the Fisher Building. That is, Travelers collected premiums for the Fisher Building. Thus, by providing coverage in connection with the Claim, Travelers will not be providing Ivy Tech with a windfall or any unearned insurance. Rather, Travelers will merely be providing to Ivy Tech the bargained-for (and paid-for) coverage provided under the Policy.

D. Legal Standards Governing Insurance Policies

Also relevant to this matter are several basic principles of insurance law:

- In construing insurance policies, Indiana courts must strive to give effect to the reasonable expectations of the insured. *Eli Lilly & Co. v. Home Ins. Co.*, 482 N.E.2d 467, 471 (Ind. 1985).
- Where the terms of an insurance policy are ambiguous, the policy must be interpreted “most favorable to the insured” and “to further the policy’s basic purpose of indemnity.” *Id.* at 470.
- An insurance policy provides illusory coverage if the policy (or a particular coverage part) is “basically valueless to the insured” because the insured would “not recover benefits under any reasonably expected set of circumstances.” *Nautilus Ins. Co. v. Sunset Strip, Inc.*, 2015 WL 4545876, at *6 (S.D. Ind. July 28, 2015) (internal citations and quotations omitted). Where a policy is illusory, the court will enforce its terms to

¹ Notably, because Travelers’ denial letter only addresses the “Statement of Values,” it is not clear whether Travelers is also maintaining that it has no documentation showing a “Building value” for the Fisher Building in its file.

Mr. Clay Kennedy
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“satisfy the reasonable expectations of the insured.” *Id.* at *6 (internal citations and quotations omitted).

- Where the terms of an insurance policy are ambiguous, course of performance evidence may be used to interpret insurance policies. 1 Practical Tools for Handling Insurance Cases § 1:42 (2020). In fact, “[t]he conduct of the parties can be an important source for deriving their intent as to the meaning of the insurance contracts.” *Id.*
- If an insurer retains the premiums paid on a policy, the insurer will be estopped from denying liability under the contract. *Hitt v. Githens*, 509 N.E.2d 210, 212 (Ind. Ct. App. 1987).

Individually and collectively, these well-established principles of law dictate that coverage should be granted to Ivy Tech in connection with the “Building damage portion” of the Claim.

E. Travelers Must Revise Its Coverage Position

Put simply, the building portion of the Claim *is* covered under the Policy because the “Building value” for the Fisher Building was shown in Ivy Tech’s most recent “Statement of Values.” Moreover, Ivy Tech paid the premiums associated with the building coverage for the Fisher Building. Accordingly, it is incumbent upon Travelers to revise its coverage determination and agree to provide the full bargained-for coverage in connection with the Claim.

As it is necessary to move this Claim forward (whether through Proof of Loss submission or litigation), we request a formal response on or before March 1, 2021.

Best regards,



Nicholas B. Reuhs

NBR:dat